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ABSTRACT

This manual for teacher trainers and staff development specialists contains information and materials for an 18-hour personal and financial planning workshop for secondary teachers. Part A is a guide for workshop directors. It defines personal and family financial planning, provides background information on financial planning education, and presents six financial planning competencies. Instructions include session descriptions, recommended procedures, preparations for each workshop session, and general financial planning resource information. A process model of staff development reviews the development and delivery of training workshops. Part B contains the seven workshop sessions and related material. (Sessions last either 90 minutes or 3 hours.) The first two sessions orient participants to personal and financial planning and engage them in activities to develop financial plans. The third workshop focuses on the means by which people obtain financial resources. Sessions IV, V, and VI examine specific elements of financial planning--spending and borrowing, saving and investing, and protecting and sharing financial resources. The final session deals with the infusion of financial planning into the secondary school curriculum. Contents of each session include an introduction, competencies and basic generalizations, objectives, content outline, activity schedule, handouts, visual aids, resources for classroom use, and basic resources. (YLB)

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PERSONAL AND FAMILY FINANCIAL PLANNING

A Staff Development Workshop
for Secondary School
Trainers and Teachers

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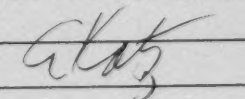
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INTRODUCTION

This manual for secondary school staff development is one of a series of three financial planning education teacher workshop manuals developed by the Teacher Education Program of the American Council of Life Insurance. The workshops are designed to expand and update teachers' knowledge of financial planning and strategies to teach it. A second manual is designed to meet the needs of teachers of multicultural students enrolled in adult basic education (ABE) and English as a second language (ESL) classes, and a third is intended for community college staff development.

The Need

The need for teacher training in personal and family financial planning is urgent. Faced with a complex economic environment, including rising unemployment, economic depression, and an increasingly diverse array of financial products and services made possible by changes in government regulations and expanding technology, teachers need to know about recent economic developments affecting family financial stability and be able to help their students understand them.

Though several surveys indicate that state education departments expect secondary school students to receive some instruction in financial planning education and that teachers be prepared to teach the subject, there is a paucity of pre- and inservice courses available to teachers. The need for resources that provide a better understanding of personal and family financial planning (PFFP) both for those who teach and for the students themselves is apparent. This staff development workshop manual is intended to meet that need.

The Manual

Prepared by a team of educators with expertise in several fields, the manual is intended for teacher trainers and staff development specialists. It is comprehensive. To the extent possible, all information and materials necessary to run an 18-hour personal and family financial planning workshop are included. This includes background information, basic resources, content outlines, activity schedules, session preparation, background information, handouts and visual aids for the workshop director. There are also activities, materials and resources for high school teachers to use in their classrooms. The manual is designed to be as useful and flexible as possible. The format allows pages to be removed easily, duplicated and replaced. All handouts and instructional aids are designed to facilitate conversion to overhead transparencies as well as to print material.

There are two parts to the manual. The first, Part A, provides background information for the workshop director. It describes what is meant by personal and family financial planning and the six financial planning competencies. Instructions for workshop directors are provided including session descriptions, recommended procedures, preparations for each workshop session, and general financial planning resource information. This is followed by a process model of staff development that reviews the development and delivery of training workshops.

The second part of the manual, Part B, contains the seven workshop sessions and the related material. The sessions last 90 minutes or three hours. The first two orient participants to personal and family financial planning and engage them in activities in which they develop financial plans. The third workshop focuses on the many means by which people obtain financial resources. Sessions four, five and six examine the specific elements of financial planning including such topics as spending and borrowing, saving and investing, and protecting and sharing financial resources. The workshop concludes with a session dealing with the infusion of financial planning into the secondary school curriculum. It provides a review of the previous topics through this application to the several secondary subject areas.

INTRODUCTION

The Background

Unable to meet the increased demand for Council-supported teacher training workshops, the staff of the Teacher Education Program decided to assemble this self-contained workshop manual. It makes available to a broad segment of educators the personal and family financial planning workshop which before had been available only to teacher training projects supported by the American Council of Life Insurance. The book combines successful training activities and materials developed and used in previous projects as well as newly created materials.

Several steps preceded the publication of the manual. A task force of experts in financial planning, teacher training and curriculum development assembled to establish a framework for the workshop. Following that a team of writers, each an expert in his field, reviewed the framework and developed the sessions. The manuscript was reviewed by the Teacher Education Program Advisory Committee, the Council staff and staff from the Association of Teacher Educators.

Finally, the workshop was field-tested in cooperation with the Association of Teacher Educators, which coordinated summer workshops in six sites: Indiana State University, Memphis State University, Sam Houston State University, Texas A&M Teacher Center, University of Nebraska-Omaha, and the University of Wisconsin-River Falls. The field test results indicated that the materials were effective and useful for teaching financial planning. The revisions recommended were made and the materials were once again reviewed.

Acknowledgements

Special thanks go to Dr. D. Hayden Green, Chairman of Business Education, Oak Park and River Forest High Schools, Illinois, who served as financial planning content consultant for the book; and to Dr. Robert Stevenson, Executive Director of the Association of Teacher Educators and to his colleague, Dr. Roy Edelfelt, who so ably coordinated the field test activities. The Council is grateful for the contributions of the field-test site directors whose explicit and extensive comments aided in the revision of the manual:

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Jean Netherton	Northern Virginia Community College

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PART A— GUIDE FOR WORK- SHOP LEADERS

GUIDE FOR WORKSHOP LEADERS

PERSONAL AND FAMILY FINANCIAL PLANNING (PFFP)¹

A Staff Development Workshop For Secondary School Trainers and Teachers

General Purpose

This staff development package for secondary school teachers is designed to enhance their professional development by:

1. Introducing them to the concepts and principles of PFFP.
2. Providing useful suggestions for teaching these concepts to secondary school students.

The words "teaching these concepts and principles to secondary school students" clearly set out the ultimate purpose of this staff development workshop. The workshop itself is for experienced teachers who, in turn, will make use of what is learned here to teach their own students about personal and family financial planning.

Most of the materials utilized in this workshop were originally created for adults (teachers), but some materials aimed at secondary school students are also included. These materials are clearly marked "For Student Use." It is assumed that teachers will make needed adaptations of materials created for adults so that they too can be used with secondary school students when appropriate.

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¹The initials PFFP will be used at times throughout this manual and the accompanying workshop sessions.

PHILOSOPHY OF PERSONAL AND FAMILY FINANCIAL PLANNING

In order to understand this area of knowledge and to successfully convey its concepts and principles to high school students, it will be helpful to read a comprehensive view of personal and family financial education. The pages that follow, written by Professor C. Raymond Anderson of the University of Maryland, provide that broad-gauge orientation to the field. This concise and straightforward statement lays out the basic philosophy underlying personal and family financial planning. It is upon these ideas that this entire staff development package is based. You are encouraged to read it carefully in preparation for conducting the several workshop sessions.

PERSONAL AND FAMILY FINANCIAL EDUCATION: THE NEED AND STRUCTURE¹

C. RAYMOND ANDERSON

As individuals and members of families, we are constantly confronted with threats to our financial security—unemployment, inflation, increased taxes, increased living costs, insecure pension programs, major medical expenses and inevitable ultimate death. We are also confronted by daily maintenance problems such as car repairs, plumbing costs, rent increases and increased utility costs. On the emotional or psychic side of our existence, we are often tempted to spend money to fulfill an elusive, repressed desire; or are compelled to “keep up with the Joneses,” or face conflict of priorities among family members, or even family breakup.

Where in our education program do we teach people to deal with these aspects of life? The financial well-being of a family is one of the major factors influencing stability, probably only second to the sexual compatibility between mates. Family studies research indicates that financial incompatibility was the second most common cause of marital disruption. Prior to the initiation of health and sex education in the schools, the most frequent source of sex education was said to be “on the street,” talk among peers. What is the source of personal financial education? It is still “on the street,” based on peer behavior, or family tradition, or historic myth. A very potent source of all learning is family or peer modeling; and the financial practices of many families are poor models. When one models behavior based on limited experience and education, bias, or ignorance, real change or improvement does not occur.

Personal and family financial education programs emphasize the obtaining, protecting and using of financial resources in ways that contribute to family stability and personal fulfillment throughout the life span. Family financial education focuses on the role of the person in the family and treats the household unit as a consumer, protector and earner of resources. Much of the learner's attention is directed to financial, value-laden and interpersonal issues related to creating and implementing family financial plans.

The focus is on everyday processes such as identifying values and understanding the basis for them, planning for immediate and long-term goals according to the identified values, prioritizing the goals according to various needs and wants categories, allocating resources according to the plan and enjoying the satisfaction of goal attainment.

The process approach to personal and family financial education does not establish a standard and ask for conformity. It does not recommend a set formula to be followed as a spending pattern. It does not address one set of values and prescribe a means for their attainment. It does not provide principles that apply only to a traditional concept of family, nor does it present a set of facts that may not be applicable across time. This approach to education is based on several beliefs:

1. That our behavior—personal and family financial behavior—reflects our values;
2. Values are translated into goals or expectations; and
3. Goals are more likely to be achieved if there is a realistic plan for their attainment.

The process of financial planning applies to persons of any age, any income level, any lifestyle and any family size.

The process approach to family financial education is not a package or a course as such, but a learning concept. This concept may be delivered in various ways according to what is feasible in a particular circumstance; e.g., age group, subject area, or grade level.

The substance of personal and family financial education consists of six competencies or terminal goals that have been identified as the learning field of personal and family financial education. The learner should be able to:

1. Analyze personal and family values, goals, and priorities and their relation to decisions in financial planning.
2. Provide an income base that draws upon a wide range of financial resources that can be anticipated to change throughout the life span.
3. Design a comprehensive personal or family financial plan, using that base, to reflect defined values, goals, and priorities.
4. Implement the plan to meet short- and long-term goals by applying principles of effective spending, borrowing, investing, saving and sharing.
5. Evaluate and modify the plan to meet changes in the household situation (family) and in relation to social and economic conditions.
6. Assess all aspects of the plan in terms of potential financial risk in order to provide for protection of resources and wealth.

After looking at the group as a whole, each competency will now be analyzed separately to identify the knowledge, skills and attitudes that represent possible learning areas within each.

1. ANALYZE PERSONAL AND FAMILY VALUES, GOALS, AND PRIORITIES AND THEIR RELATION TO DECISIONS IN FINANCIAL PLANNING.

This area deals with self-awareness—knowing what I need and why; what I want and why I want it. For a family, the I becomes WE and the added dimension is “What do we value and how does it relate to the values of each member of the family and the family as a whole?”

This area also involves communication skills among family members and skills of interpersonal relations for family members.

¹Workshop leaders note: This paper will be used as Handout 2 in Workshop Session I. Reproduce it and include it in the packet of handouts you will prepare for workshop participants.

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It involves knowing how I feel about money and why I feel that way. Are my feelings based on factual knowledge? On my family's model? Peer practice? Are my priorities based on social pressure? Family needs? Family wants? How do current economic conditions affect my goals and priorities? The intent is not to establish basic needs, but to differentiate needs from wants in a particular family setting. There is a significant diversity of needs and wants among various families.

2. PROVIDE AN INCOME BASE THAT DRAWS UPON A WIDE RANGE OF FINANCIAL RESOURCES THAT CAN BE ANTICIPATED TO CHANGE THROUGHOUT THE LIFE SPAN.

The competency ties into career development as there is an assumption of an income base for the family financial plan. There has to be a reality between family goals and priorities and the earning power or potential earning power of the family members. How is the reality of unlimited wants and limited income dealt with? How does your lifestyle match the expectations of persons in your planned-for career? What job-related expenses must have priority in the plan? How does your family achieve balance between earning and spending?

The competency also includes an understanding of the changing income patterns and income demands as the family's position changes over time. The stages of the family life cycle are: newlyweds, parenthood with preschool children, parenthood with school-aged children, parenthood with young adults (and the start of a new family cycle when they leave home), the empty nest, the middle years, retirement and the aged single. What are the different financial circumstances applicable to each stage? How can present and future needs be addressed? What alternatives are available? What non-family forces function to increase or decrease family buying power and how do they affect the management of family funds?

3. DESIGN A COMPREHENSIVE PERSONAL OR FAMILY FINANCIAL PLAN, USING THAT BASE TO REFLECT DEFINED VALUES, GOALS, AND PRIORITIES.

This competency addresses the skills and knowledge needed to establish a spending plan—whether it is a cash-flow budget, a checkbook record, an envelope system, a monthly income and expenditure statement, or some other variety of documentation that records the family spending priorities. I propose avoiding the term "budgeting" because many people are turned off from planning if they feel a budget requires writing down every expenditure and justifying each to one's self. There are only four basic categories for a spending plan:

1. **Net income**—take-home pay for most people; you do not really work with gross pay, but only that which is available to you.
2. **Fixed expenditures**—items to which you have made a commitment and that are not variable. Examples: a fixed monthly rent or mortgage payment, an installment loan contract, utilities, transportation costs, an insurance premium.
3. **Variable expenditures**—items that may represent needs but for which there is not a formal commit-

ment. The monthly amount may vary by your own decision. Examples: food, clothing, charge plate purchases.

4. **Discretionary funds**—expenditures that may or may not be necessary on a regular spending basis. Examples: entertainment, charitable giving, purchase of luxury or comfort items.

There are few standard items for these categories. The idea is to plan and categorize according to family values. If a set amount of monthly savings is a top priority goal, that is a fixed expenditure for that family; another family may save if there is anything left. Savings then become a discretionary item for that family. We must all spend some money on food, but by your own decisions you can spend less at one time in order to devote funds to another priority, so food then is a variable item.

This competency also includes development of an attitude that money management is worthwhile because of the potential for increased satisfaction. It may have the effect of increasing purchasing power.

4. IMPLEMENT THE PLAN TO MEET SHORT- AND LONG-TERM GOALS BY APPLYING PRINCIPLES OF EFFECTIVE SPENDING, BORROWING, INVESTING, SAVING AND SHARING.

This competency deals with the whole range of decisions with which one must continually deal. Can we make decisions on an intellectual basis according to knowledge of the outcome or consequences of the decision? Consequences are results; they may be both positive and negative. This competency includes understanding the economic concept of opportunity cost. If you have allocated funds to a particular item, you cannot at the same time allocate the same funds to any other use. The competency requires knowledge of good buying techniques: knowing when it is advantageous to borrow; when a sale is a sale; how much security do we really need. What are our priorities for sharing through charitable and religious groups? How can we derive more benefit from tax-supported functions and facilities? This last question addresses an area of available resources that often have no direct costs, such as using the library, county recreational facilities, government publications and other assistance programs.

This area also deals with understandings and attitudes that are part of using a spending plan to meet the priorities of the family. It deals with the realization that your actions with money are expressions of values and goals. Decisions about spending, borrowing, saving, investing and sharing are seen in a broad sense of both money and personal resources. This provides for learning about protecting good health, investing in self-development, spending time in particular ways in lieu of spending money. It includes the opportunity for developing a positive attitude toward a spending plan as experience with a plan results in attaining goals and satisfactions.

PERSONAL AND FAMILY FINANCIAL EDUCATION: THE NEED AND STRUCTURE

5. EVALUATE AND MODIFY THE PLAN TO MEET CHANGES IN THE HOUSEHOLD SITUATION (FAMILY) AND IN RELATION TO SOCIAL AND ECONOMIC CONDITIONS.

This area deals with flexibility and adaptability. Many people have the misconception that once you establish a family finance plan, that is it. But, values do change. Family circumstances change. Incomes change. Family money management is a continuing process of review and adjustment. If resources have been well utilized, changes can be accommodated more readily. When uncontrollable events affect the family finances, the planning/using process provides a vehicle for dealing with the change by delaying or altering priorities. As immediate or short-term goals are achieved, next priority items come into focus. Some changes in life or in values may result in a change in long-range goals. Evaluating and changing the plan provides a systematic, rather than an ad hoc, method of adjusting the plan.

6. ASSESS ALL ASPECTS OF THE PLAN IN TERMS OF POTENTIAL FINANCIAL RISK IN ORDER TO PROVIDE FOR PROTECTION OF RESOURCES AND WEALTH.

This competency involves an assessment of the relative importance of the various goals and priorities in relation to income and wealth. Income earning power is dependent upon continuous good health; therefore, life insurance must be considered as a means of providing a continuous income base for the fulfillment of the family finance plan. Health insurance must be seen as a way to protect the family plan against the cost of health care, major medical expenses, and loss of income during illness. There is potential risk of loss of possessions through fire or theft. The financial plan needs to provide some means for replacement of those items. The law also holds the car owner responsible for damage to life or property caused by the car or that occurs on your property. Liability insurance provides a reserve of funds to cover this responsibility. The assessment of the magnitude of the risk in relation to the family resources and the long-term goals provides a basis for decisions on the extent to which the risk can be tolerated or the extent to which it must be covered financially.

From this overview of possible content areas within the competencies, it is apparent that personal and family financial education is interdisciplinary and comprehensive. There are aspects here of sociology, psychology, family studies, management, finance, economics and communications.

This is why one approach adopted by some school systems is interdisciplinary—kindergarten through 12th grade. Various subject teachers and grade-level teachers capitalize on opportunities to introduce money management concepts as illustrations, drills, discussion topics, or other activities within the content of arithmetic, reading, writing or social studies. There are lots of natural spots for including an orientation to family financial planning. This approach requires articulation, and some experiences miss some students, but, if the school system is working at it, the orientation to money management permeates the curriculum.

Other schools see personal and family financial education as a natural place for integrating the application of a variety of skills, knowledge and attitudes into one course. This is generally offered as Consumer Education, Consumer Economics, or Personal Finance. Many of these are excellent courses, but they are usually elective courses that serve a small portion of students.

Also, in secondary schools some of this content appears within several business and home economics courses, some at the junior high level and some at the high school. Some social studies or civics teachers believe it is important and devote a unit of study to consumer education or money management.

Several state legislatures have mandated, in various ways, including these topics in schools. The legislation varies such as . . . "each school must offer a course"; or "each student must be exposed to"; or "each student must be competent in. . . ." Here is one illustration of a legislation mandate. The state of Oregon's minimum requirements for high school graduation says "all high school graduates beginning with the class of 1978 shall have instruction in and demonstrate competence as a consumer of goods and services." This has been interpreted to include the following goals:

1. function responsibly as wage-earner and wage-spender
2. possess basic tools for financial decisions
3. possess basic skills and knowledge for the use of credit
4. make wise decisions in purchasing
5. function as responsible consumers in the marketplace

Beyond learning experiences in schools, adults get help in personal and family financial education from Home Economics Extension agents through courses or one-to-one training and assistance. The Urban League provides educational sessions for certain target groups. Evening schools in continuing education offer consumer education courses, or personal finance courses, or a series of more specialized courses such as budgeting, investing, understanding taxes, or buying a home.

Some corporations and agencies offer training sessions to their employees on managing their money. Pre-retirement training or counseling is the newest version of this.

Competence to deal with personal or family finances has not been taught. Some of us work out a system on our own through trial and error; some of us readily admit that we know little and therefore just continue to struggle along. An illustration of struggling along is the case of the family that closes out their checking account each year and opens a new one in another bank because they cannot keep the account in balance.

Another current (and personal) illustration of this lack came to my attention recently when a newly-married niece said to me, "We were dating and each of us had our own money. We could do whatever we wanted and went about having a good time. Now we are married and have moved into this house and find that we have assumed a whole set of interactions, commitments and responsibilities that we had never even considered

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before." This couple is not in financial trouble, but their education had not prepared them for this reality of life.

Then a different dimension of the need for financial education came to me from a mature professional educator who recently said, "I've done pretty well over the years, but I sure would like to know if my savings—insurance—investments—and property ownership make any sense. Are they the best I can do in my circumstances? What outcomes can I expect? There is no one source of help or guidance." Can we do anything about an education program that may help in these circumstances?

Just as there are a wide variety of individual and family approaches to the use of family financial resources, there are a wide variety of approaches to preparing the citizens for competence as earning and spending economic units. Inasmuch as there is no one specific model for personal and family financial education at the high school level, there is no one natural hierarchical step appropriate to the community college. The community college does have at least two roles as the 13th and 14th years of an educational continuum—specific preparation for a variety of career opportunities and transfer to four-year degree programs. Educational activities in personal and family financial education should serve students in both roles. Beyond that, community colleges are putting increasing emphasis on "community" service through non-credit course offerings to meet various learning goals of the adult population in the community of the college.

I believe, too, that more personal guidance and counseling takes place with the community college student than with students in most four-year institutions. That may say there is a place for financial counseling as a vehicle for learning money management. Just as there is a Reading and Study Skills Lab, maybe there should be a Personal and Family Finance Planning Lab. It may be that self-study modules in a media center would fill the need, or an interdisciplinary team-taught required course would be possible. In another instance non-credit community service programs may be the best activity for the community college.

Here is another little piece of evidence of the confusion that exists in the minds of young people relative to money. Findings from a 1978 Gilbert Youth Organization survey that sampled 2,284 persons between the ages of 14 and 25 show these self-awareness paradoxes:

1. Fifty-four percent agreed that money is only moderately important or relatively unimportant as against most important or very important, but later

in the survey they reported that the two most important considerations when making a career decision are security (26%) and good pay (22%) as against stimulating and creative work (16%) and meaningful challenge (15%) and 78 percent identify their life goals as making a lot of money.

2. Eighty-nine percent said they were concerned with their future financial security, but 71% said it is very important to enjoy life today because you don't know what tomorrow will be. Seventy-three percent of them said if they had surplus money they would use it for future security. Fifty-three percent say they save regularly.
3. Seventy-eight percent say they are fairly good at managing money and 39% say they usually do not have any spending plans. Eighty-three percent report that they have not had a course in money management or financial planning.

These paradoxes would indicate the need for some self-awareness activities and financial education/money management programs for students in high school and for those young persons of the age served by the community college.

There is abundant evidence of the need for personal and family financial education. One concept of a free enterprise economic system in a country with a democratic form of government is an educated population that will make the economic system function through the way in which their money votes in the marketplace; and that will make the political system function through the way they vote at the ballot box. The recent emphasis on free access to information is revealing that many actions of government and business are not in the best interest of the consumer. Besides needing consumer advocates, consumer advisory boards, and consumer lobbies, we also need educated consumers who know the right questions to ask about finances, and who have an informed basis for their personal economic decisions.

Can we do something, as we did with sex education, to bring personal and family financial education in "off the street"?

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FINANCIAL PLANNING COMPETENCIES

The effective management of personal and family financial resources depends in large measure on the practical application of a small number of financial planning competencies. The study of personal and family financial planning and this staff development workshop rest firmly on the foundation of these basic competencies.

In the set of competencies that appears below, emphasis is placed upon planning for the obtaining, wise use, and protection of a wide range of financial resources. Of primary importance are anticipated changes in personal and family needs and responsibilities throughout the life cycle.

These competencies are revisions of those developed for the American Council of Life Insurance by Professor William Hug (University of Georgia), Professor Lois Guthrie (Montclair State College), Professor C. Raymond Anderson (University of Maryland), and Dr. Iris M. Elfenbein and Ms. Regina Dolan, of the ACLI staff.

With the following six competencies, an individual or a family should be well-equipped to anticipate changes in needs and resources throughout the life cycle and to adapt financially to these changes. Involved is the ability to:

1. Analyze personal and family values, goals, and priorities and their relation to decisions in financial planning.
2. Provide an income base that draws upon a wide range of financial resources that can be anticipated to change throughout the life span.
3. Design a comprehensive personal or family financial plan, using that base, to reflect defined values, goals and priorities.
4. Implement the plan to meet short- and long-term goals by applying principles of effective spending, borrowing, investing, saving and sharing.
5. Evaluate and modify the plan to meet changes in the household situation (family) and in relation to outside social and economic conditions.
6. Assess all aspects of the plan in terms of potential financial risk in order to provide for protection of resources and wealth.

Workshop leaders are urged to remember that these competencies are terminal goals that can be achieved by students only after extensive study. It is not expected that these "end goals" will be completely internalized after participation in the 18-hour workshop outlined

here. Specific objectives suggested for each workshop session are related to these terminal goals. Attainment of these specific objectives by workshop participants will contribute to the ultimate achievement of the more global terminal goals.

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INSTRUCTIONS FOR WORKSHOP LEADERS

Organization of the Book

The book is divided into two major sections, Part A, a Guide for Workshop Leaders and Part B, Workshop Sessions. Each contains its own table of contents and references related to that section. In addition, each section serves a special purpose.

The seven workshop sessions of Part B are designed as an instructional package to assist you in teaching secondary school teachers about the field of personal and family financial planning. In addition to introducing teachers to concepts and principles of this field, the workshop provides teaching resources and strategies that will, in turn, assist them in teaching PFFP to their own students.

While individual workshop sessions may be conducted singly, it is recommended that the entire package be used intact. That will insure that the secondary school teachers for whom this workshop is intended will receive a broad and comprehensive overview of personal and family financial planning.

Materials for each workshop session provide information on the competencies and objectives to be attained, generalizations and an outline of content, a detailed schedule of activities, checklist of needed materials, handouts, and suggestions that will be useful to secondary school teachers. The breadth of content and the array of activities suggested in this workshop are clearly more than can be presented in the 18 hours allotted. Workshop leaders must be selective in deciding what to include. Of course, selection should be based on their understanding of participant's needs and prior knowledge.

Each session has been designed for a specific time period—either one and one-half hours or three hours. The amount of time to be devoted to each activity in each session is also indicated. Obviously, these time indications are at best approximations and should be treated accordingly. As all teachers know, the finest classroom plans have to be adjusted to physical and temporal constraints and to the pace and interest of any group of workshop participants.

Workshop leaders may wish to introduce some variation in the sequence of sessions. For example, Session VII could be divided and parts of it used in connection with Session II or Session III, both 1-1/2 hour sessions. This would serve to provide an earlier opportunity to consider infusion of PFFP into the school curriculum.

Advance preparation by workshop leaders is the key to success. It is extremely important to make certain that the following steps be taken prior to conducting any workshop sessions.

First, leaders should read this manual thoroughly since it contains both a general orientation to PFFP and helpful suggestions that will assist in producing an interesting and educational experience for workshop participants. Read with special attention the paper by C. Raymond Anderson.

Workshop leaders should familiarize themselves with the overall organization of this staff development program and with the format used in each session. Also, special materials identified for use in each session should be read in advance.

Each session requires the use of several handouts for workshop participants. These must be reproduced by the workshop leader in advance and it may be helpful to assemble them in a folder, binder, or envelope. It is suggested that the complete set of handouts for all seven sessions of the workshop be distributed to participants at the beginning of the first session. This will enable them to familiarize themselves with the materials in advance of each session. Remember also to reproduce an adequate supply of Workshop Session Evaluation Forms for all seven sessions.

INSTRUCTIONS FOR WORKSHOP LEADERS

Finally, it is vital that workshop leaders order in advance all audio-visual and printed materials. This should be done from 6 to 8 weeks prior to the workshop dates, especially in the case of materials provided by the American Council of Life Insurance (ACLI). A complete list of ACLI materials needed for the workshop is provided for you on page A/22d. Accompanying this list is an order form that will facilitate securing the materials you will need.

Use of Materials and Codes

This package of instructional materials is organized to facilitate its use by trainers and staff development specialists, by secondary school teachers, and ultimately by students in secondary schools. As has been the case with earlier ACLI teacher education materials, it is in loose-leaf format. This permits easy removal of materials for duplication and use in workshop sessions and in secondary school classrooms.

Three types of instructional materials are included in the several workshop sessions. Some materials are intended exclusively for use in the in-service teacher education sessions. They provide background information for secondary school teachers or exercises that will assist teachers in better understanding the field of personal and family financial planning. Creative teachers may find, however, that certain of these materials can be adapted for use with their own students.

A second type of instructional material included will be useful to teachers as they attempt to infuse PFFP content into the curriculum. As will be obvious, these materials are designed only for use by teachers.

Finally, some materials included are especially intended to be placed in the hands of secondary school students. These are clearly marked "For Student Use" and are intended to provide these younger learners information and exercises that will assist them in understanding the substance and operations involved in personal and family financial planning.

Each section is numbered individually. There is a page 1, 2, 3 . . . for each section. Preceding each page number is a bold number indicating the section number. Therefore, the section and the page number appear on each page. The coding system identifies which pages are intended for DUPLICATION and DISTRIBUTION for resource, workshop, or visual aid purposes.

IV/23 Bold number indicates section number

IV/23 Non-bold number is the page number

IV/23d "d" after a page number indicates page should be DUPLICATED and DISTRIBUTED

Using these materials and your own creativity, you should be able to conduct an interesting and informative workshop. Good luck!

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WORKSHOP SESSION EVALUATION

It is important that workshop leaders provide participants in each session an opportunity to evaluate the experience. Reactions from participants provide useful information that can assist leaders in determining which aspects of the session were effective and which may need to be modified or strengthened.

A session evaluation form has been designed for your use. It is easily administered and can be completed in a few minutes. To help participants understand what kind of evaluative information you seek, pass out a copy form

at the beginning of the first session. As you complete your closing remarks of each session and prepare to leave the room, ask them to complete the form. Doing so without you in the room encourages participants to be more candid. Participants can stack their completed forms near the door as they leave and you can pick them up later.

A copy of the Workshop Session Evaluation Form is provided on the next page. It can be easily reproduced for each of the sessions you conduct.

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WORKSHOP SESSION EVALUATION FORM

Directions:

Circle the number that best expresses your reactions to the workshop.

1. My overall assessment of this workshop is:

Excellent 5 4 3 2 1 Poor

2. Quality of presentation.

Effective 5 4 3 2 1 Poor teaching
teaching techniques
techniques used used

Sensitive to 5 4 3 2 1 Oblivious to
participant participant
needs needs

3. Value of materials.

Useful and 5 4 3 2 1 Not useable or
high quality poor quality

4. List any techniques, ideas, resources, etc., that you think you will incorporate into your teaching.

5. Workshop organization. The amount of interaction among participants seemed:

Excellent 5 4 3 2 1 Poor

The amount of time allowed for individual tasks was:

Excellent 5 4 3 2 1 Poor

6. General comments or suggestions on this workshop. (If needed, use back of page.)

GENERAL RESOURCES IN THE FIELD OF PERSONAL AND FAMILY FINANCIAL PLANNING

Included in the materials for each of the seven workshop sessions that make up this staff development package is a section on background materials and resources relevant to the topic of the session. There are, however, some more general resources in the field of personal and family financial planning that may be of value to you. They are listed here. Included are both books and periodic literature.

Books

1. **Cohen, J.B.**, *Personal Finance*, Homewood: Richard D. Irwin, Inc., Homewood, IL 60430. \$16.50 (college text).
2. **Porter, Sylvia**, *Sylvia Porter's New Money Book for the 80's*, New York: Doubleday & Co., 245 Park Avenue, New York, NY 10017, 1979. \$24.95.
3. **Quinn, Jane Bryant**, *Everyone's Money Book*, New York: Dell Publishing Co., Inc., 1 Dag Hammarskjold Plaza, New York, NY 10017, 1979. \$14.95.
4. **Rosenberg, Jerome R.**, *Managing Your Own Money*, New York: Newsweek Books, 444 Madison Avenue, New York, NY 10022, 1979. \$12.95.
5. **Stillman, Richard J.**, *Money-Wise*, Englewood Cliffs: Prentice-Hall, Inc., Englewood Cliffs, NJ 07632, 1978. \$14.95.
6. **Van Caspel, Venita**, *The New Money Dynamics*, Reston: Reston Publishing Company, Inc., Reston, VA 22090, 1978. \$11.95.

Periodicals

1. **Changing Times**, The Kiplinger Washington Editors, Inc., Editors Park, Maryland 20782. \$15.00 for one year.
2. **Money**, Time, Inc., 541 North Fairbanks, Chicago, Illinois 60611. \$21.95 for one year.
3. **U.S. News & World Report**, Subscription Department, P. O. Box 2629, Boulder, Colorado 80322. \$31.00 for one year.
4. **Consumer Reports**, Subscription Director, Consumer Reports, P. O. Box 1111, Mount Vernon, New York 10550. \$12.00 for one year.

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THE PROCESS MODEL OF STAFF DEVELOPMENT

Just as the previous section of the Instructor's Manual provided a philosophical orientation for workshop leaders, this section is designed to orient you to another important element of staff development—the process to be utilized in this task.

This particular process model of staff development was developed by Professors Dorothy Westby-Gibson and John Tibbetts of San Francisco State University. It provides a useful methodological frame of reference that will assist you in conducting the several workshop sessions. You are encouraged to read it carefully as part of your preparation for teaching the several workshop sessions.

STAFF DEVELOPMENT MODEL

The process model of staff development illustrated in *Figure 1* stresses 1) planning for staff development sessions, 2) learning appropriate teaching and organizational strategies for use during the sessions, and 3) using evaluation techniques. In every instance the attempt is made to encourage staff developers to model with the teachers the teaching techniques that they in turn will use with students. Thus the process spirals through the entire program.

To this end, preparation for staff development begins with an analytic look at the instructional setting and the characteristics of the staff. Several principles of staff development are reviewed, and attention is directed to the critical importance of assessing the needs of the teachers as they perceive them. The second part of this process model gives specific guidelines for using selected organizational and teaching strategies in the staff development programs themselves.

PREPARATION FOR STAFF DEVELOPMENT

Who Does the Planning?

If staff development is to meet specific needs of teachers, careful planning is of the utmost importance. Wherever possible a staff development planning committee representative of teachers, counselors, and administrators should be organized. Their charge is to find out as much as possible about the context in which instruction occurs: the characteristics of students, the community the school serves, and the school staff.

What Are the Levels of Planning?

In planning staff development programs, the planners are forced to plan for two levels simultaneously. First, plans for the staff development program itself should include needs assessment, objectives, content determination, teaching and organizational strategies, resources, and evaluation. At the same time, these categories become the staff development program to help teachers plan instruction for their students.

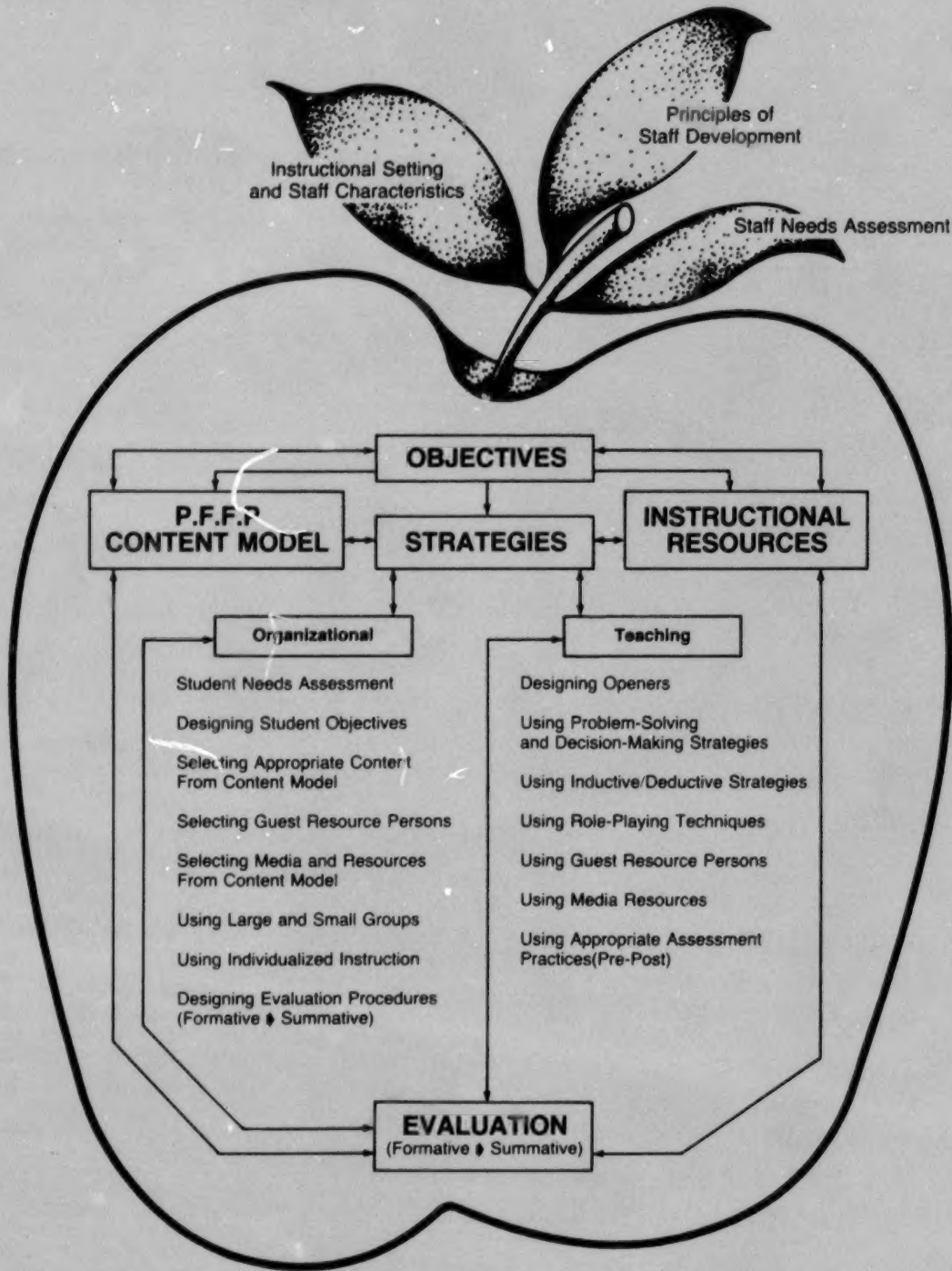
What Are the Instructional Setting and Staff Characteristics?

For effective instruction, just as teachers must learn the particular needs of their students, so too must staff developers. Inexperienced teachers will have different needs from experienced teachers. Teachers familiar with financial planning education will have different needs from those who have not taught it before. Only by assessing the needs of a given group of teachers in relation to a specific program can their needs be identified.

THE PROCESS MODEL OF STAFF DEVELOPMENT

FIGURE 1

MODEL FOR STAFF DEVELOPMENT



THE PROCESS MODEL OF STAFF DEVELOPMENT

How Can Staff Needs Be Assessed?

Teachers can be asked to report their needs in informal conversations, in staff meetings, or in more formal interviews or on written questionnaires. Administrators can share their perceptions of staff needs. More than one approach is, of course, desirable, but whichever methods are used, they should be carefully planned so that the responses gathered are as valid as possible. If a written questionnaire is used, it should focus on a few clearly stated questions which can be readily answered and tabulated, but there should also be opportunity for open-ended comments.

The next step in making a needs assessment is to analyze the results and determine priorities. Special attention must be given to assessing individual needs as well as those expressed by a group. Finally, feedback of the results should be made to the teachers and administrators involved.

What Are the Principles for Staff Development?

The following set of staff development principles is the result of years of working with staff development for teachers including ESL and high-school diploma programs.

1. The starting point to staff development must be an assessment of teacher needs in relation to those of their students.
2. Staff development takes spaced time, *i.e.*, teachers need intervals in which to plan and try out new approaches and return to evaluate their successes and problems. Intensive "one-shot" schedules of an hour, a day, or a week are likely to effect little change.
3. Teachers need support for change. If possible, on-site visitations by consultants should be provided at least on teacher request.
4. Teachers should be permitted to participate in staff development activities on "prime time" as part of their professional assignment.
5. Teacher workshops should be held in comfortable surroundings, preferably away from school sites that permit interruptions or entice the teachers back to their routine tasks.
6. Effective staff development requires budgetary support, but more importantly, moral support from administrators who care enough to involve themselves in the process.
7. Staff development should build on teacher strengths. Initially every effort should be made to involve the most competent teachers in any program in which it is hoped that teachers will become staff developers.
8. Teachers need to be encouraged in content appropriate to their particular students. They should resist the desire to cover all possible content.
9. Staff developers should encourage teachers to use a variety of strategies and resources and to put them in a systematic and sequential framework that is likely to ensure competency development.
10. Staff development instruction should demonstrate affective openers that generate interest and motivation.
11. Teachers need help in developing a wide variety of teaching and learning strategies in both the cognitive and affective domains. Only through bicognitive development can each student use his or her full potential for learning.
12. Teachers should be helped to select appropriate resources that are related to specific objectives.
13. Staff developers should help teachers use a variety of organizational strategies, especially small group as well as individual study. Student competencies must include interpersonal skills.
14. Teachers may need help in checking whether pre- and post-tests assess the same competencies.

THE PROCESS MODEL OF STAFF DEVELOPMENT

15. Teachers who customarily use a lecture-centered approach may be anxious about trying an activity-centered approach, but positive student response to the latter usually provides the rewards necessary for continued exploration.
16. The curriculum should include such affective dimensions and skills as decision-making, problem-solving, and values exploration.

How Are Objectives Used in Staff Development Programs?

In staff development programs, it is necessary for the trainers to outline objectives for the program. There are two levels of objectives that may be considered. First are the competencies or terminal goals, often stated in general terms such as: Analyze personal and family values, goals, and priorities and their relation to decisions in financial planning.

At the second or *performance* level, however, objectives should be stated in terms of observable behavior which learners must demonstrate. For example, the competency stated above could be broken down into many performance objectives. One such objective might be: Describe a standard of living that reflects individual and family values, goals, and priorities.

Measurable program success depends perhaps to the greatest extent on the careful delineation of desired goals and objectives. When these are based on realistic information about students' backgrounds, and when teachers build programs around them, the chance of success is enhanced.

How Can Content Be Selected?

Content determination is central to any teaching task. The rate of growth in knowledge makes it impossible to more than scratch the surface of any content area. Nor will any specific knowledge be sufficient for life without being updated. Most important, therefore, is the use of specific knowledge to illustrate the development of concepts in a given area. If the concept is valid, relevant knowledge can be found easily for support and application of the concept.

Concepts may be stated as broad terms (e.g. "financial planning"), but they are more useful when stated as generalizations about the content. For example: The economic well being of individuals and families is related to their ability to identify values, determine goals, and develop financial plans to reach the desired lifestyle.

A frequent problem with staff development programs is the attempt to do too much too fast or to include excessive content rather than to sample it wisely. Teachers, like their students, need time to assimilate new ideas and practices and to try them out before returning for reinforcement and clarification of results. Successful change is more likely to be lasting change.

STRATEGIES FOR USE DURING SESSIONS

The strategies outlined on the process model for staff development in Figure 1 include both organizational and teaching strategies appropriate for staff development programs. The organizational strategies involve ways to assess student needs and design objectives to meet them; select appropriate content; use large, small-group, and individualized instruction; and plan an evaluation program. The teaching strategies include designing openers and using a variety of instructional and assessment techniques. Selecting and using guest resource persons and media resources are discussed together under organizational strategies although they appear separately on the model.

Student Needs Assessment

Teachers must be trained to understand the diversity of lifestyles and cultural patterns that influence their students and their changing needs as they progress from adolescence to adulthood. They must also be prepared to assess specific needs of given students. Teachers need initial information about the specific skill levels of each student. Cumulative records can provide much information, but teachers may find it necessary to use standardized or teacher-made tests to find out more about the specific placement individual students need in basic skills and in content areas.

THE PROCESS MODEL OF STAFF DEVELOPMENT

Designing Student Objectives

Developing skills in personal and family financial planning often may not be stated as a need but may nevertheless be a vital component of other expressed needs such as getting a job or continuing in school. In other instances students may request help in this area. The effective teacher will use the opportunities provided in helping students improve basic skills to help them gain skills that are functional as well. Financial planning is an area that can give immediate rewards to students and help them feel a growing sense of power in managing their affairs.

Learner objectives are of key importance in any educational program; in a competency-based program, they are essential. Teachers must learn how to specify appropriate objectives in performance terms if learning programs are to be effectively designed.

Most frequently teachers will have little difficulty with writing objectives at the lowest cognitive area of knowledge. They will experience more difficulty with those at the higher levels of thinking such as analysis, synthesis, or evaluation. The most difficult objectives to write, however, are likely to be the affective. In the area of values, teachers must try to think of ways in which students might voluntarily give evidence of their valuing. Students may, for example, report that they have tried specific ways of planning their expenditures or of buying (that have been reviewed in class) and found them useful.

Staff developers must be prepared for some resistance as they work with teachers on learner objectives. Some teachers have had earlier experiences that have created negative feelings about specifying objectives. Others may be concerned whether objectives that are specified can be humanistic. Still others may be anxious that clearly stated objectives may make teachers accountable for achieving them. For whatever reasons, teachers may need orientation to objectives as vehicles for helping students determine their own learning objectives and helping both students and teachers develop criteria for evaluating whether they have been met.

Designing Openers

Each new dimension of a staff development program benefits from an *affective opener*—that is, a short, pointed, and moving introduction to the topic. Films are often most effective here, but sometimes participation in brief simulation exercises, response questionnaires, or the like will gain real interest and vary the "opener" technique.

Using Inductive and Deductive Strategies

To help students develop concepts, either inductive or deductive strategies may be used.

Deductive strategies (teaching from the whole to the particular) are most common. Their most popular mode is the *lecture*—where information and generalizations are presented, and the student is later asked to recall them or sometimes to apply them to new situations. Research indicates that deductive strategies are effective only if sufficient background exists to accommodate the new information. Even so, retention of deductive teaching is likely to be shorter than concepts learned inductively.

On the other hand, *inductive teaching*, which leads the students from specific facts through inferences to forming their own generalizations and making applications of those generalizations, takes much more time, but retention is also likely to be much longer. Inductive teaching often employs a questioning strategy such as the Taba Questioning Strategy. The Taba strategy moves from perception through application as outlined below. Each question should be answered by as many students as possible and the answers recorded on the board to encourage further participation.

PERCEPTION: Q: *What* (do you know about . . .)
(did you see . . .)

INFERENCE: Q: *Why* (do you think . . .)

GENERALIZATION: Q: *What* does it mean that . . .
What can we say about people . . .

APPLICATION: Q: *If* (above generalization) is true, then what
should we do about . . .

THE PROCESS MODEL OF STAFF DEVELOPMENT

Using Role-Playing Techniques

Of course it is not productive for students to learn everything inductively. There simply would not be enough time even to learn all the important concepts in a given area. The teacher, then, must decide which concepts are so fundamental and important that inductive strategies should be used for them and then use deductive (information-producing) strategies for the elaboration, application, and analysis of those concepts.

Ideally it would be helpful if students could try out all learning in actual life situations. Adults have greater opportunity for such transfer. Research indicates, however, that few actually make such transfer even when the opportunity arises. This is probably due in large measure to lack of instruction that specifically facilitates such transfer of learning.

Two devices that greatly facilitate transfer are "simulation exercises" and "role-playing." Again, such strategies are more time-consuming than lecture, but if application is the goal of learning, time must be provided that at least illustrates how such application takes place.

Simulation is the most effective because it provides an opportunity to practice a behavior within a set of social circumstances similar to the real ones. In this setting, the student can practice the behavior, feel the feelings, and experience the results without the long-range effects. Thus lessons can be learned and the damage, if any, undone.

Role-Playing is less comprehensive than simulation. The students simply take the role of another person. They attempt to think, feel, and act as that person would. As such, role-playing can be part of simulation.

Role-playing can enable a young person to feel what it is like to be old, or permit a member of one culture to experience the expectations or financial burdens of another culture. Students can 1) explore several alternatives without permanent consequences, 2) explore new emotions, and 3) develop tolerance for differences and acceptance of new ideas and feelings by assuming roles.

Some suggestions for implementing simulation or role-playing activities include:

1. Choose students to assume roles the same as and opposite from those indicated by their class comments.
2. Involve the audience in suggesting consequences or offering alternatives.
3. Re-play the alternatives, reminding students that more than one solution is often possible.
4. Encourage students to try out the role-played situations in their own lives if they feel they could be helpful.

Selecting and Using Guest Resource Persons

Each community has a wealth of human resources that can be tapped for educational programs. Using local resources in staff development will demonstrate how to use them well. Too often we draw upon some community speaker who, from his agency description, appears to be just what is needed, only to find the talk unrelated, inappropriate, too lengthy, or all of these. The fault lies as surely with the planners as with the speaker. It is important to determine the speaking ability of guests, to inform them specifically on the areas to be discussed, and to set a reasonable time limit. Instructors should be prepared to intervene gracefully to help focus or terminate a wandering presentation. Usually a *brief* presentation with opportunity for questions is more successful than a longer speaking assignment. Likewise, a *few* carefully selected and coached guests will usually be better received than lengthy panels of numerous community representatives. The participants or students must always be the first consideration.

Similarly, agencies will usually send staff directly to the classes for demonstrations such as taking blood pressure for hypertension and then speaking about the results. When students have this kind of involvement as an "opener," they tend to get much more from the presentation. Often we don't think to ask for such resource demonstrations.

THE PROCESS MODEL OF STAFF DEVELOPMENT

Selecting and Using Media Resources

Media resources, like human resources, must be selected thoughtfully and carefully. *Non-print media* should be brief, colorful, and to-the-point. "Fillers" can almost always be spotted as such and are resented. Long, drawn-out films or multi-media presentations likewise can kill motivation fast. The less verbal films seem most effective. They are often free from the "overkill" effect of verbal reinforcement of content that visuals have already made clear.

Common types of media resources that might be considered are: films, audiotapes, videotapes, slides, filmstrips, or multi-media such as sound/slide or filmstrip with cassette and written response. More sophisticated programs may also have available such media choices as wet carrels with computer-assisted instruction or other electronic feedback devices.

Using Large and Small Groups

In classroom instruction, teachers have a critical choice to make in deciding when to keep the class together in a large group and when to use small groups. Teachers who are used to lecturing to entire classes may find it difficult to vary their organizational strategies to use small groups. But once they learn how to use them effectively, they are likely to continue using them.

The basic question to be asked is: What size group is most appropriate for what purpose? Large groups, obviously, make most effective use of presentations of speakers, films, or demonstrations that require minimal or no interaction between the instructor and the student or among the students. But only small groups can provide maximum opportunity for involvement. Individual students cannot be ignored so the shy student may find it possible to speak out. On the other hand, the overly talkative student may begin to listen. Students often need practice in participating in social interaction that only small groups can give.

Small groups can be used for follow-up discussion of large-group presentations, for committee work on a common task, for remedial instruction, for brainstorming creative solutions to problems, for exploring questions in depth, for gaining new information; in short, for sharing a variety of learning experiences.

What is vital in using small groups is that the purpose be made very clear. Participants should be carefully chosen. Homogeneous groups may sometimes be best for remedial work or enrichment, but heterogeneous groups are likely to produce more creative ideas and have a variety of skills to accomplish given tasks. Groups may be teacher-led or provide leadership opportunities for class members. Above all, groups should be carefully planned and evaluated. Small groups can, unfortunately, be used to fill up time; or they can be one of the most valuable experiences classes can provide.

Using Individualized Instruction

A key component of successful programs is the individualization of instruction. Such individualization can occur in classroom settings or in learning centers. In either case, teachers must learn how to develop individualized competency-based instruction and/or individualized course requirements. Each student's competencies must be assessed relative to the competencies required, and a plan developed with the student for completing the remaining work to be done. In some programs this will take the form of an individual contract. Individual progress checks should be made to adjust the plan as needed and to let both student and teacher know what progress is being made.

THE PROCESS MODEL OF STAFF DEVELOPMENT

Using Appropriate Assessment Practices

Assessment is not evaluation. No inferences, interpretations, judgments, or decisions are made during the assessment procedure. Raw data are collected which, in turn, may be used for evaluation purposes. Assessment is only one step in the evaluation process.

If learners are to develop a specified level of competence, then some means for measuring that competence must be provided. Learner assessment requires clearly-stated objectives which can be observed or assessed through demonstrated competence. It is necessary, therefore, to discover what the student already knows — 1) in order to avoid wasting his or her time in re-learning, and 2) to determine at the close of instruction what has actually been learned as a result of teaching. Completing an objective is not always possible, but evidence of significant growth can be very important for the student's self-image.

In order to achieve these goals, pre- and post-tests are essential. Assessment of skills, however, does not have to be by paper and pencil. Verification of experience and/or demonstration of skills or knowledge may be considered as other alternatives. It is important to assess values and feelings as well as knowledge. To assess these dimensions discussion or paper/pencil techniques such as the *Likert Scale* or *Semantic Differential* can be used.

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REMINDER FOR WORKSHOP LEADERS

Before you begin planning these workshop sessions, keep in mind the following points:

1. Competencies identified for each session are global, long-range goals and may not be achieved in the time available.
2. The time suggested for *each session* is probably insufficient to cover the content and conduct the activities identified, so you must be selective;
3. The time suggested for *each activity* is only an approximation, so you can make adjustments when appropriate;
4. Unless materials are marked "For Student Use", you can assume they were created for adults and must be adapted for use with your students;
5. Handouts for all seven sessions should be reproduced in advance and distributed at the beginning of session one; remember to include a Workshop Session Evaluation Form for each session;
6. Order all audio-visual and print materials in advance, allowing from 6 to 8 weeks for delivery; use the order form provided for ACLU materials;
7. Some activities ask participants to supply personal information; case studies may be substituted if you think participants will be uncomfortable providing this information;
8. To insure that statistical information provided is current, you may want to check recent publications from the U.S. Department of Labor in all instances where such data is cited in the materials;
9. Utilize speakers from the community (insurance agents, tax attorneys, etc.) whenever possible, making certain to identify such speakers well in advance and to brief them carefully regarding the topic you want discussed.
10. Read the Instructor's Manual thoroughly before planning the sessions and familiarize yourself with the session format and materials.

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MATERIALS LIST AND ORDER FORM

**For Personal and Family Financial Planning
A Staff Development Workshop for Secondary School Trainers and Teachers**

Quantity (Free in quantities up to 50 unless otherwise noted)

Session I	Session II	Session IV	Session VI		
☐ A340 Adult Financial Management Matrix, Part I ☐ B340 Adult Financial Management Matrix, Part II ☐ 113 Catalog of Educational Materials ☐ 303 Money Manager (English) ☐ 305 Money Manager (Spanish) Teaching Topics: ☐ 1) Social Security (TF82) ☐ 2) Employee Benefits (TF81) ☐ 3) 1981 Tax Law (TS82) ☐ 4) Risk Management (Fall 80) ☐ 5) Inflation (Fall 79) ☐ 6) Financial Planning (Spring 79) ☐ Fact Sheet ☐ 307 Let's Talk About Money I, II ☐ C-83 Decisions, Decisions: Preparing for a Lifetime of Financial Responsibility (slide/cassette, 15 minutes—\$3.00)	☐ 104 Career Opportunities For You In Life and Health Insurance ☐ 71 Marriage and Money (Film strip—\$10.00) and Marriage and Money Teacher's Guide ☐ 303 Money Manager (English) ☐ 305 Money Manager (Spanish) <th>Session III</th> ☐ 151 Sample Whole Life Insurance Policy ☐ 152 Sample Term Insurance Policy ☐ C-50 Basics of Life Insurance (Film strip/cassette/poster 15 minutes—\$12.50) and Basics of Life Insurance Teacher's Guide ☐ 905 Understanding Your Life Insurance ☐ 155 Teaching Kit on Life Insurance (5 lesson plans and student worksheets)	Session III	☐ 55 Choices And Decisions: Becoming a Wise Consumer (4 film strips/cassettes/budget worksheets, 15 minutes each—\$25.00) and Choices And Decisions Teacher's Guide ☐ C-82 The Resourceful Ones: A Systematic Approach to Financial Planning (4 filmstrips/cassettes, 15 minutes each—\$25.00) and Basic Financial Planning Decisions Teachers Guide ☐ 360 Families Taking Responsibility For Financial Planning <th>Session V</th> ☐ 55 Choices And Decisions: Becoming A Wise Consumer (4 film strips/cassettes/budget worksheets, 15 minutes each—\$25.00) and Choices And Decisions Teacher's Guide	Session V	☐ 111 Personal and Family Financial Planning: Strategies For Teaching ☐ 120 Financial Planning Education: A Challenge For Teachers, Trainers And Institutions (Obtain From Association of Teacher Educators, 1900 Association Drive, Reston, VA 22091, \$2.25) ☐ 131 Financial Planning, Employee Benefits And You ☐ 170 Policies For Protection ☐ 182 Dealing With Life Insurance (5 decks of cards/ pre- and post-tests—\$12.00) and Dealing With Life Insurance Teacher's Guide ☐ 301 The Booklet You Have In Your Hand Is Not Designed to Sell You Life Insurance ☐ 1220 Source Book of Health Insurance Data

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PART B—
WORKSHOP
SESSIONS

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CONTENTS

Session I	Orientation to Personal and Family Financial Planning	3 hours
Session II	A Personal and Family Financial Plan	1½ hours
Session III	Obtaining Financial Resources	1½ hours
Session IV	Spending and Borrowing Financial Resources	3 hours
Session V	Saving and Investing Financial Resources	3 hours
Session VI	Protecting and Sharing Financial Resources	3 hours
Session VII	Infusing Financial Planning into the Secondary School Curriculum	1½ hours

Session Components

Each of the seven sessions in this workshop contain the following set of components:

Introduction

Competencies and Basic Generalizations

Objectives

Content Outline

Schedule of Activities

Preparing for this Session

Handouts and/or Visual Aids

Suggestions and Resources for Secondary School Teachers

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SESSION I

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ORIENTATION TO PERSONAL AND FAMILY FINANCIAL PLANNING

(3 hours)

Introduction

Throughout the life cycle, each individual and each family has identifiable needs that can be satisfied by the intelligent use of financial resources available to that individual or family. Financial planning is the process of deciding how to obtain, protect, and use these financial resources.

The process of financial planning involves recognizing the beliefs and values that underlie needs, anticipating those needs, and developing a plan to meet those needs. Financial planning components are:

Obtaining — gaining possession of resources

Spending — exchanging money to meet needs

Borrowing — using future income through credit to meet future needs

Saving — putting aside money for future use

Investing — using money for further financial return

Protecting — identifying financial risk and taking steps to limit it

Sharing — transferring money in the form of gifts or taxes.

Personal and family financial planning is both individual or family centered and future oriented. Of primary importance in financial planning is the idea that both the needs and the resources of an individual or a family will change from one stage of the life cycle to another. This highlights the need for a realistic financial plan for people at all stages of life and at all income levels.

A comprehensive financial plan increases individual or family effectiveness in obtaining, using, and protecting financial resources. It can enhance quality of life by reducing uncertainty about future needs and resources. Such a blueprint for financial success helps foster a sense of well-being and satisfaction that accompanies achievement of the desired standard of living.

Competencies and Basic Generalizations

Each session of this workshop provides experience that leads to attainment of one or more of six financial planning competencies. Keep in mind that these are global, long-range or terminal goals and it is not expected that participants will completely attain these goals in the limited time available in this workshop. The ultimate purpose of PFFP education is to help secondary school students achieve these competencies through the infusion of this content into the regular school curriculum. This orientation session, because it is introductory in nature, does not single out any of these competencies. Rather it provides a foundation for attainment of them in later sessions. All six competencies are repeated below to assist you in keeping them in mind as you direct in this and the remaining sessions. They are:

1. Analyze personal and family values, goals, and priorities and their relation to decision in financial planning.
2. Provide an income base that draws upon a wide range of financial resources that can be anticipated to change throughout the life span.
3. Design a comprehensive personal or family financial plan, using that base, to reflect defined values, goals and priorities.
4. Implement the plan to meet short- and long-term goals by applying principles of effective spending, borrowing, investing, saving and sharing.
5. Evaluate and modify the plan to meet changes in the household situation (family) and in relation to outside social and economic conditions.

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6. Assess all aspects of the plan in terms of potential financial risk in order to provide for protection of resources and wealth.

Several basic generalizations underlie all of personal and family financial planning and are relevant to this workshop session. These generalizations form the rationale for financial planning and illustrate why concepts such as these have a place in the secondary school curriculum. The concepts are:

1. Financial Planning is a lifetime process learned in youth and used throughout life's stages to develop financial plans that reflect changed personal, household and societal conditions.
2. A financial plan helps individuals and families utilize a variety of financial resources to meet changing financial needs and responsibilities throughout the lifecycle.
3. Individuals and families can plan to maximize financial resources available at different stages of the lifecycle.
4. A financial plan periodically reviewed and modified helps individuals and families adapt to changing economic and social conditions.
5. Effective financial planning involves communication of values and wants, needs and responsibilities among family members.
6. Effective financial planning includes calling upon financial planning professionals in the community for information and advice on available products and services. These professionals include financial planners, insurance agents, bankers, investment counselor and estate planners.

Objectives

By the end of this three-hour session, participants will:

- a. Identify the characteristics of personal and family financial planning over the life cycle and describe its benefits.
- b. Identify basic financial tasks and relate them to student needs.
- c. Describe how PFFP could be integrated into the school curriculum.
- d. Express an interest in learning more about teaching financial planning as part of the school curriculum.

Content Outline

It may be helpful to you to have an overview of the field of personal and family financial planning. The content outline that follows provides that kind of substantive information.

I. Definition and scope of financial planning

- A. Financial planning is a continuing process of decision-making about obtaining, protecting and using financial resources over the life cycle.

1. Obtaining financial resources

a. Money income

- 1) Wages or salary
- 2) Interest on Savings
- 3) Dividends on Investments
- 4) Gifts, inheritances, subsidies
- 5) Rentals on property
- 6) Personal retirement pensions

b. Transfer Payments

- 1) Unemployment insurance
- 2) Housing subsidies
- 3) Food stamps and other welfare payments
- 4) Social security payments

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- c. Non-money financial resources
 - 1) Household manager skills
 - 2) Do-it-yourself maintenance and repair
 - 3) Bartering—exchange of services
 - 4) Community services
- 2. Protecting Financial Resources
 - a. Insurance policies
 - b. Education to upgrade skills
 - c. Maintaining health, avoiding illness
- 3. Using Financial resources
 - a. Fixed items of day-to-day expenses. Examples are:
 - 1) Food
 - 2) Clothing
 - 3) Housing
 - 4) Personal care
 - 5) Other regular expenses
 - b. Savings or reserves for short-term irregular expenses. Examples are:
 - 1) Replacing appliances
 - 2) Vacation and major recreational expenses
 - 3) Health needs not covered by insurance
 - 4) Tax and insurance payments
 - c. Providing for future capital—major expenditures for long-term goals. Examples include:
 - 1) Buying a home
 - 2) College education costs
 - 3) Retirement income
 - 4) Buying and owning a business
- B. Components of financial planning include:
 - 1. Obtaining—gaining possession of financial resources through employment or other means
 - 2. Spending—exchanging money or other resources of economic value for goals and services
 - 3. Borrowing—using future income through credit with the implied or expressed intent to repay, usually with interest
 - 4. Saving—putting aside money or other financial resources from present income or ownership, for use in the future
 - 5. Investing—outlaying funds for the purpose of financial return
 - 6. Protecting—identifying financial risk and taking steps to limit it, as in the purchase of insurance
 - 7. Sharing—including charitable gifts, and transfers of funds as taxes to federal, state and local governments to provide free services
- C. The process of financial planning is based on a set of beliefs, including:
 - 1. Financial needs and wants can be anticipated and translated into approximate costs.
 - 2. Needs, wants, responsibilities and resources will change from one stage of the life cycle to another.
 - 3. Handling financial resources without a plan is destined to produce problems for most persons.

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4. Financial planning is important for all income levels, all family members, at all stages of the life cycle.
5. While examples of other people's spending can be useful as guides, financial planning is based on personal and family values, and each plan should be tailored to the unique needs of that family.
6. Financial planning is an on-going process which should be reviewed and modified throughout the life cycle.

II. Benefits of personal and family financial planning

- A. Comprehensive financial planning increases individual and family effectiveness in obtaining, protecting and using financial resources throughout the life cycle.
- B. Financial planning can be a positive force that enhances the quality of life and fosters a sense of satisfaction that comes from achieving the desired standard of living.
 1. Financial planning can reduce economic uncertainty and embarrassment.
 - a. When we know what our income and expenses are, we are more likely to make informed decisions.
 - b. Planning helps eliminate uncertainty about whether or not we can afford the desired product or service.
 2. Financial planning can enable families to gain control of their financial affairs.
 - a. Control fosters a sense of well-being about the use of income.
 - b. Lack of control can lead to excessive debt, bankruptcy, loss of assets and dependency on others for financial security.
 - c. Planning can assist families to live within their incomes.
 - d. Planning can help avoid financial emergencies.
 3. Financial planning can help individuals and families look to the future, anticipate expenditures and achieve short and long range economic goals.
 4. Planning and communicating about financial decisions can strengthen family relationships.
 5. Financial planning can instill a sense of freedom from financial concerns because it provides a blueprint for financial success.

III. Factors affecting financial decisions

A. Personal factors affecting financial decisions

1. Values and goals
 - a. Values—the ideas and principles which an individual, family or society consider to be correct, desirable or important.
 - b. Goals—those specific aims which reflect a set of values.
 - c. Values and goals are closely related; values are the whys behind goals.
 - d. There should be no right or wrong judgments about personal financial goals, except in the realization that individual decisions and actions do affect others in a family and in society.
 - e. Communication skills—being able to verbalize, mediate, compromise and arrive at consensus—are important when identifying personal and family financial goals.

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2. Needs and wants

- a. Needs are those things considered essential for human existence or fulfillment.
- b. Wants are those things which are desired but not essential.
- c. Because we live in a world of unlimited wants and limited resources, we establish priorities among goals, needs and wants.
- d. Two common behavior patterns related to how people respond to their needs and wants are:
 - 1) Immediate gratification—the desire to fulfill an immediate want or need, often related to impulse buying.
 - 2) Deferred satisfaction—postponing an immediate pleasure in favor of an anticipated future pleasure.
- e. Financial planning can help people decide which behavioral pattern is appropriately related to their goals, needs, wants and income.

3. Responsibilities

- a. Responsibilities are the obligations that family or household members have towards each other.
- b. Responsibilities are determined by the roles the individual assumes in the family.
- c. Responsibilities that each individual must fulfill vary according to the stage of the life cycle.
- d. Some common responsibilities are:
 - 1) Providing an adequate income base
 - 2) Consulting with family members to create a financial plan
 - 3) Utilizing sound spending principles
 - 4) Anticipating future needs and saving for them

4. Income

- a. Income is a major determinant of the level of living and economic security of individuals and families throughout the life cycle.
- b. Family income is derived from three major sources:
 - 1) Payment for labor performed
 - 2) Payment for capital invested
 - 3) Transfer payments for which no service is currently rendered
- c. Where families stand in income. (Based on median income in 1980. Source: *U.S. News & World Report*, August 31, 1981.)

If Your Family Income Is	You Fall In This Bracket
More than \$75,000	Top 2%
\$50,000 or more	Top 7%
\$35,000 or more	Top 20%
\$25,000 or more	Top 39%
\$20,000 or more	Top 53%
Less than \$15,000	Bottom 33%
Less than \$10,000	Bottom 19%
Less than \$5,000	Bottom 6%

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d. How education boosts income. (Source: *U.S. News & World Report*, August 31, 1981.)

Family Heads Age 25 or Older	Median Family Income, 1980
Finished college	\$32,469
1 to 3 years of college	\$24,469
Finished high school	\$21,845
1 to 3 years of high school	\$16,203
Finished grade school	\$14,115
Did not finish grade school	\$10,836

e. When earnings reach a peak. (Source: *U.S. News & World Report*, August 31, 1981.)

Age of Family Head	Median Family Income, 1980
Younger than 25	\$13,792
25 to 34	\$20,411
35 to 44	\$24,670
45 to 54	\$27,256
55 to 64	\$23,531
65 and older	\$12,881

f. Median family income doubled in the United States during the 1970s to reach \$21,023 in 1980, up from \$9,867 in 1970.

g. Due to the high rate of inflation the purchasing power of median family income of \$21,023 in 1980 rose only \$40 over the 1970 median family income. Thus, despite more than doubling in income, families now have only slightly more buying power than they had in 1970.

4. Life cycle

a. Families pass through a series of stages, either traditional or non-traditional, throughout their life cycles.

1) Traditional life cycle—see *Adult Financial Management Matrix, Part I*, Handout 5.

2) Non-traditional life cycle—see *Adult Financial Management Matrix, Part II*, Handout 6.

b. Life cycle stages and the accompanying needs and tasks will affect a family's finances.

c. Awareness of the family life cycle and its accompanying role changes can help people prepare for those financial tasks they will need to accomplish.

5. Lifestyle—an individual or family's way of life as influenced by their resources, roles, values, goals, responsibilities, needs and wants.

a. Lifestyle is reflected in a person's pattern of living including consumer choices and actions.

b. Standard of living—the quantity and quality of goods and services that an individual or group desires.

c. Level of living—the quantity and quality of goods and services currently achieved.

6. Quality of life—a degree of excellence in lifestyle.

a. Does not necessarily mean wealth and privilege, affluence and materialism.

b. Allows for personal freedom and growth.

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c. Fosters balance between consumption and non-materialistic values.

d. Fosters balance between economic stability and other facets of personal and family satisfaction.

B. External factors affecting financial decisions.

1. Economic factors—inflation, unemployment, scarcity, price, monetary and fiscal policy, international trade interdependence.

2. Political factors—public policies regarding income distribution, transfer payments, welfare, consumer protection laws, government agencies and services, citizen participation to influence change related to financial issues.

3. Social factors—changing roles of men and women, cultural values, societal status and consumption patterns, household composition, work force composition.

4. Ecological factors—environmental protection, conservation of resources, energy alternatives, resource substitution.

5. Technological factors—communications, computers, interactive television, electronic funds transfer, engineering advances.

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SCHEDULE OF ACTIVITIES

Approx. Time ¹	Activity	Materials
15 minutes	Welcome participants. Distribute packet of handouts. Encourage participants to familiarize themselves with these materials in advance of each session. Tell participants that you will ask them to evaluate each of the seven workshop sessions. Point out that the handouts for each session include a copy of the Session Evaluation Form. Go over the type of items it contains so that participants can anticipate responding at the end of this and all subsequent sessions. Explain purposes of this session and activities. Go over objectives and basic concepts. Pass out Handouts 1 and 2. • Purpose is general introduction to PFFP • Point out financial problems as major cause of family dissension and divorce; stress need for proactive, not reactive, crisis intervention through planning. Stress the need for teachers to understand the philosophy that underlies PFFP. Refer them to Handout 2, <i>Personal and Family Financial Education: The Need and the Structure</i>, by C. Raymond Anderson. Urge them to read it carefully.	Session Evaluation Form Handout 1 "Orientation to PFFP Education" Handout 2 "Personal and Family Financial Education: The Need and the Structure"
15 minutes	Do "Get Acquainted Bingo" or "Sentence Completion" games. • Explain rules. • Award prizes. • Discuss terms and concepts in the games.	Handout 3A "Get Acquainted Bingo" or Handout 3B "Sentence Completion"
30 minutes	Introduction to PFFP Framework. • Show transparencies while presenting narrative comments.	See Appendix 1 for script and master transparencies (Note: You must make transparencies from these masters in advance of this session.)
15 minutes	Small Group Activity: Life Cycle and Financial Tasks. • Divide participants into groups of 4 or 5 persons. • Distinguish between regular day-to-day expenses, short-term irregular expenses, major long-term expenditures. • Regular (food, clothing, housing, etc.) • Irregular (replace appliances, vacation, taxes, insurance payments, etc.) • Long-term (buying home, college education costs, retirement income, etc.)	

¹Time allocations suggested here are only approximations. Workshop leaders should make adjustments when appropriate.

SCHEDULE OF ACTIVITIES

Approx. Time	Activity	Materials
	Ask small groups to use Handouts 4A or 4B to discuss the following questions: • What are your regular, irregular, long-term expenses? • How do you get resources to provide for them today? • What are the threats to these resources and how do you protect these resources? • Are the ways of obtaining and protecting resources different today than they were five years ago? Five years in the future? • Are there differing needs and resources within your group? To what do you attribute these differences?	Handout 4A "Your Changing Financial Situation" or Handout 4B "Planning Family Financial Resources"
15 minutes	Continue small group activity: Financial Management Matrix • Tell all groups: Financial matters change as we grow older. This matrix describes financial tasks, errors and outcomes for several age groups in "traditional" households. The list is not complete but it provides a guide to financial planning. The <i>tasks</i> define what should be done during each stage of the life cycle. The <i>common errors</i> list problems which often occur, and the <i>desirable outcomes</i> identify successful end results. The purpose of this activity is to help you become more aware of your own life stage in the life cycle and its implications for financial planning. • Use the following procedure in this exercise. • Have each group select an age range to use for discussion purposes and tell what range it is. • Ask them to silently read the statements for the range selected and to think about the meaning and implications of each statement. • Have each group discuss the statements in light of the following questions: How do these tasks differ among age ranges? Why do they change? Based on your experience are they relevant and important? • Refer them to Part II of the matrix, and indicate it points out tools, problems, and outcomes for the age range. Ask them to read silently and then discuss the items for the selected age range, noting particularly the differences in questions asked for various household structures. • Indicate that the reverse side of this matrix reports a set of questions that are applicable to most age ranges and household structures. Suggest that these will be useful as a resource for adults and for teachers working with high school students.	Handout 5 "Adult Financial Management Matrix, Part 1" Handout 6 "Adult Financial Management Matrix, Part II"

SCHEDULE OF ACTIVITIES

Approx. Time	Activity	Materials
15 minutes	Break	
20 minutes	Importance of PFFP for Secondary School Students ● Introduction: The first part of this session has focused on the adult phase of the life cycle for two reasons. First, it permitted us to begin to explore financial planning from our own personal perspectives. Each of us gained some insights into things we could do to improve our fiscal responsibility. Second, because we were examining an age group very familiar to us, we could focus on the relevance of various concerns. Now we will turn our attention to high school students. Every adult who has listened to youth or who remembers his/her own high school years knows the importance of money to young men and women. How can we as teachers help them be more stable financially at this time and also prepare them for a lifetime of financial responsibility? The following presentation provides data about financial planning education. It suggests that the subject matter can be included in many secondary school courses. Optional— ● View slide/tape presentation or use script and "PFFP Fact Sheet" as the basis for a lecture. ● Refer to Handout 7, "PFFP Fact Sheet." Ask them to scan it with particular attention to the Student Performance and Youth Attitudes sections. ● Discuss information presented in script and the "Fact Sheet."	See Appendix 2 for script—"Decisions, Decisions: Preparing for a Lifetime of Financial Responsibility" Handout 7 "Personal and Family Financial Planning Fact Sheet"
45 minutes	Financial Planning by Secondary School Students and Implications for Teaching. ● Introduction: During the past two hours, we have explored a number of concepts related to financial planning. We applied them briefly to one stage in the life cycle. We learned that financial planning involves determining values and goals, needs and wants, lifestyle priorities as well as ways of obtaining resources, and using them. These apply to high school age youth as well as adults but in different ways. Let's develop the tasks errors and outcomes for the students in our classes, the age group 13-17. Use Matrix I and Handout 8. To do this, participants should: ● Review information in Matrices I and II ● Think about junior and senior high school age students they teach or know. What are their needs? ● Recall some of the events in the slide/tape and the information summarized in the Fact Sheet. ● Spend a few minutes working individually before the group discussion.	Matrix I and Handout 8 "Worksheet for Financial Planning"

SCHEDULE OF ACTIVITIES

Approx. Time	Activity	Materials
	● Gather in the small groups. Each group will present their findings to the total group. ● Select a leader to present a summary of conclusions. ● Keep sheets. We will refer back to them in future sessions. ● Select a group to report first on the Unique Financial Tasks of high school students. (Note: have report focus only on this one aspect and ask that it be succinct.) Ask if there is something another group would like to add to this. ● Select a group to report on Common Financial Errors of high school students. Any other errors to add? Select a group to report on Desirable Outcomes. Any other desirable outcomes for youth? Finally, ask for some ideas for teaching high school students about financial planning. (You may wish to take up group notes, have a committee synthesize and distribute them for the next meeting or have each person bring their own notes to the next session.) ● Remind them that this session has been an overview. These sessions will explore specific content and instructional ideas about obtaining financial resources, protecting those resources, and using them, particularly as they relate to teaching financial planning to high school students.	
10 minutes	Summarize session briefly; refer to session objectives. ● Pass out Handout 9, and explain it contains background information that will assist participants in teaching this topic to their own students.¹ ● Ask participants to complete the Workshop Session Evaluation Form and place them at some given location in the room. ● Leave the room before participants begin to complete evaluation form.	Handout 9 "Suggestions and Resources for Secondary School Teachers" Session Evaluation Form

¹Other relevant background papers on PFFP, including the paper by C. Raymond Anderson, have been published in *Financial Planning Education: A Challenge for Teachers, Trainers and Institutions*. Available from The Association of Teacher Educators, 1900 Association Drive, Reston, VA 22091, for \$2.25 per copy.

SCHEDULE OF ACTIVITIES

Preparing for this Session

Here is a checklist of materials and teaching aids that you will need to conduct this session.

1. Overhead projector and screen (check to be sure it works).
2. Slide projector and audio playback unit, preferably with inaudible change connection. (Check to be sure they work.)
3. Nine transparencies for "Introduction to PFFP Framework" and script. (You must make the transparencies from the masters provided.)
4. Chairs and tables that can be moved to facilitate small group activities.
5. "Decisions, Decisions: Preparing for a Lifetime of Financial Responsibility," slide-tape and script.

Copies of the following handouts for each participant:

Handout I/1 - Objectives of Session and Basic Concepts

Handout I/2 - Session Activities

Handout I/3A - Get Acquainted Bingo

or

Handout I/3B - Sentence Completion

Handout I/4A - Your Changing Financial Situation

Handout I/4B - Planning Family Financial Resources

Handout I/5 - Adult Financial Management Matrix, Part I

Handout I/6 - Adult Financial Management Matrix, Part II

Handout I/7 - Personal and Family Financial Planning Education, Factsheet

Handout I/8 - Worksheet for Financial Planning

Handout I/9 - Suggestions and Resources for Secondary School Teachers

6. Copies of the Workshop Session Evaluation Form for each participant. (See the Instructor's Manual for a copy of this form that can be reproduced.)
7. Five modest prizes if you choose to play Get Acquainted Bingo or Sentence Completion.

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ORIENTATION TO PFFP EDUCATION

HANDOUT

I/1

1. OBJECTIVES OF SESSION

By the end of this three-hour session, participants will:

- a. Identify the characteristics of personal and family financial planning over the life cycle and describe its benefits.
- b. Identify basic financial tasks and relate them to student needs.
- c. Describe how PFFP could be integrated into the school curriculum.
- d. Express an interest in learning more about teaching financial planning as part of the school curriculum.

BASIC CONCEPTS

PFFP and particularly this session is based on several basic concepts. These form the basic rationale for stressing financial planning in the secondary curriculum.

- a. Financial Planning is a lifetime process learned in youth and used throughout life's stages to develop financial plans that reflect changed personal, household and societal conditions.
- b. A financial plan helps individuals and families utilize a variety of financial resources to meet changing financial needs and responsibilities throughout the life cycle.
- c. Individuals and families can plan to maximize changing combinations of financial resources available at different stages of the life cycle.
- d. A financial plan periodically reviewed and modified helps individuals and families adapt to changing economic and social conditions.
- e. Effective financial planning involves communication of values and wants, needs and responsibilities among family members.
- f. Effective financial planning includes calling upon financial planning professionals in the community for information and advice on available products and services. These professionals include financial planners, insurance agents, bankers, investment counselors and estate planners.

(Note to Workshop Leaders: This handout is the paper by C. Raymond Anderson titled "Personal and Family Financial Education: The Need and the Structure". It appears on pps. A/3d - A/6d of the Instructor's Manual for this workshop. It should be reproduced in advance of conducting the workshop and included in the packet of handouts you will prepare for workshop participants.)

GET ACQUAINTED BINGO

HANDOUT

1/3A

Instructions

Ask the group to walk around the room seeking people who fit the descriptions in the boxes. Write the name and school of the person who matches the description. Do not use the same person more than once. When a vertical, horizontal or diagonal bingo (six boxes) is completed ask the participant to come to the front of the room. When four or five have completed a bingo terminate the game and give very modest prizes. To vary the game for large groups, ask that participants complete 2 or 3 bingos before coming to the front of the room.

Owens de- signer jeans	Completes own income tax forms	Doesn't keep a budget	Has had at least two dif- ferent careers	Has a bank or S & L savings account	Came from a wealthy family
Knows what a money market fund is	Sometimes reads a maga- zine of an- other cultural group	Doesn't use any credit cards	Is a member of a 2-income family	Loves to gam- ble (cards, races, or casino)	Believes in women's liberation
Feels father should disci- pline children	Has more than two children	Feels men should not do housework but should have other duties	Has health, life, auto, and house insurance	Shops in thrift shops	Belongs to a credit union
Has visited at least 3 differ- ent countries	Can speak a foreign lan- guage	Is looking for- ward with pleasure to old age	Has gone to small claims court	Carries all: Mastercard, Visa, and American Ex- press cards	Read the <i>Wall Street Journal</i>
Lives with an older person (over 75)	Has pur- chased T-Bills	Knows what IRA means	Keeps a budget regularly	Has used an employment agency	Has a sports car
Returns spoiled food items to store for refund	Can differen- tiate between whole and term life insurance	Feels older persons should not try to look younger than they are	Eats natural foods	Can cook sukiyaki	Has filed a consumer complaint

SENTENCE COMPLETION

HANDOUT

I/3B

Interview participants to find a person who fits one of the descriptions below.

FIND A PERSON WHO:

NAME

SCHOOL

- | | | |
|--|-------|-------|
| 1. Has opened an IRA account. | _____ | _____ |
| 2. Has held a job not traditional for his/her sex. | _____ | _____ |
| 3. Makes out a market list before going shopping. | _____ | _____ |
| 4. Took an interest or aptitude inventory before selecting a career. | _____ | _____ |
| 5. Has health, life, auto and house insurance. | _____ | _____ |
| 6. Has a telephone credit card. | _____ | _____ |
| 7. Has purchased T-Bills. | _____ | _____ |
| 8. Went to high school where career education was emphasized. | _____ | _____ |
| 9. Has filed a consumer complaint. | _____ | _____ |
| 10. Shops in thrift stores. | _____ | _____ |
| 11. Lives in a two-income family. | _____ | _____ |
| 12. Is looking forward to old age with pleasure. | _____ | _____ |
| 13. Can state one difference between whole life and term insurance. | _____ | _____ |
| 14. Feels they have been affected by the Women's Movement. | _____ | _____ |
| 15. Has a spending plan. | _____ | _____ |
| 16. Loves to gamble. | _____ | _____ |
| 17. Can state two ways in which her/his occupation affects lifestyles. | _____ | _____ |
| 18. Feels that youth stereotype the elderly. | _____ | _____ |
| 19. Is worried about inflation. | _____ | _____ |

YOUR CHANGING FINANCIAL SITUATION

HANDOUT

I/4A

		5 Years Ago	Today	5 Years in the Future
Analysis of Needs	Regular day-to-day expenses			
	Irregular, infrequent expenses			
	Long-term future expenses			
Obtaining Resources				
Protecting Resources				

PLANNING FAMILY FINANCIAL RESOURCES

HANDOUT

I/4B

	REGULAR EXPENSES ANTICIPATED INFREQUENT EXPENSES (SAVINGS/RESERVE) LONG-TERM IRREGULAR EXPENSES (FUTURE CAPITAL)		
Analysis of Needs			
	5 Years Ago	Today	5 Years in Future
Obtaining			
Protecting			
Using			

American Council of Life Insurance, 1980

Training materials funded by a grant from the AMERICAN COUNCIL OF LIFE INSURANCE.

ADULT FINANCIAL MANAGEMENT MATRIX—PART I

HANDOUT

1/5

This financial management matrix is planned to help educators, counselors and others:

- Understand how financial needs and tasks change throughout the life cycle;
- Understand commonalities and differences in financial needs as affected by age and household structure;
- Determine financial priority emphases;

- Understand relationships and allocate income between spending, borrowing, saving, protecting, investing and sharing to achieve and maintain economic stability and security.

This matrix does not provide a definitive list but illustrates a process to be used when developing financial programs. Each program planner will think of other items appropriate for the audience. The matrix encourages a life cycle planning approach as it relates to various household forms or structures.

Part I is designed to:

- Define basic adult financially related tasks* unique to six age groups, common financial errors in each group and desirable outcomes.**

*TASKS define what is to be done or accomplished.
**OUTCOMES identify successful end results or achievements.

Basic Adult Financially Related Tasks and Desired Outcomes

Tasks

1. To manage financial resources to meet changing responsibilities for self and others over the life cycle.
2. To cover risks.
3. To provide life-long learning needs.
4. To build a satisfying life style.
5. To assess public systems and institutions to increase real income.
6. To utilize professional and legal counsel.
7. To increase consumer proficiency.

Outcomes

- Skills necessary to obtain, protect and use financial resources learned and used.
- Income allocated between spending, borrowing, savings, protecting, investing and sharing for current and future stages.
- Consumption expenditures appropriated between housing, food, transportation, clothing, medical, etc.
- Personal and family values defined and goals planned.
- Changes anticipated and related to ways financial resources are obtained, protected and used.
- Life, health, liability and property insurance provided according to need and income.
- Risk of income loss diminished.
- Loss of purchasing power and capital protected.
- Training and education needs, options and goals determined.
- Training and education financed.
- Employment opportunities and career advancement achieved.
- Personal, home and community environments balanced with needs, wishes and income.
- Satisfying work environment created.
- Use of available community and government resources maximized.
- Adequate legal, personal and economic advisors obtained.
- Legal instruments understood and used.
- Marketplace competency developed.
- Laws and regulations affecting consumer goods and services understood and used to advantage.

Adult Life Cycle Financial Tasks, Common Errors, and Desirable Outcomes

Age Group	18 to 24	25 to 34	35 to 44
Unique Financial Tasks	• Establish household • Train for career • Attain financial independence • Purchase risk coverage • Establish financial identity • Establish a savings program • Make a spending plan • Develop effective financial record keeping system to be maintained through life cycle • Develop an effective financial planning system • Make will/s when household is established	• Provide for child bearing and rearing costs • Provide for expanding housing needs • Expand career goals • Manage increased need for credit • Provide for training-education funds • Purchase additional protection coverages • Make will/s if not done • Adjust as responsibilities change • Maximize financial management skills of all members of household	• Upgrade career training • Continue to build education fund • Maximize protection for major income earner/s • Provide greater income for expanding needs • Establish and work toward retirement goals
Common Financial Errors	• Over-commitment of income • Failure to manage financial resources • Failure to make short and long term goals and financial plans • Failure to recognize and develop human potential • Failure to use professional expertise • Emphasis on current needs and failure to anticipate changes in the life cycle	• Over-commitment of income • Lack plans for education expenses • Failure to investigate housing alternatives • Lack of emergency fund and savings • Lack sufficient long and short term protection coverage • Lack realistic family/personal goals • Failure to estimate impact of single or dual income • Failure to view education as investment in one's future • Failure to involve other family members, especially children, in financial matters	• Overuse of credit • Failure to provide funds for major replacements • Failure to provide adequate protection • Failure to plan for retirement • Failure to increase primary income and seek alternate sources • Failure to manage increased number and complexity of financial needs • Lack of funds for children's higher education and/or training
Desirable Outcomes	• Adequate income to supply basic needs and wants • Financial needs assessed • Short and long term economic and social goals determined • Consumer knowledge and skills developed • A balanced spending, borrowing and savings plan • Knowledge and access to financial and legal records and documents • Attention to balanced view of obtaining, protecting and using financial resources • Use of professional expertise • Ability to live within income	• Economic and social goals adjusted • Consumer, legal and financial knowledge acquired • Financial security program (i.e. savings, protection, investment) expanded • Investment in additional education/training • All family members develop financial skills appropriate for age and role	• Economic goals redefined • Financial security programs continued/strengthened • Diversify primary and secondary income sources as needed • Financial obligations and resources controlled • Retirement income plan established

Adult Life Cycle Financial Tasks, Common Errors, and Desirable Outcomes

Age Group	45 to 54	55 to 64	65 and over
Unique Financial Tasks	• Provide higher education/training for children • Maximize investments • Evaluate and update retirement plans • Communicate with family members about estate plans • Analyze estate plan and adjust as needed • Evaluate future financial needs concerning parents and/or other dependents	• Consolidate financial assets • Provide for additional future security • Re-evaluate method of intended property transfer • Investigate part-time income or volunteer work for retirement • Investigate housing location and expense for retirement • Meet responsibilities for aging parents or other dependents	• Re-evaluate and adjust living conditions and spending as they relate to health and income • Evaluate and adjust programs for increasing risks • Secure reliable assistance in managing personal and economic affairs • Finalize plan for sharing estate • Finalize letter of last instructions
Common Financial Errors	• Failure to provide sufficient retirement funds • Failure to adjust to changing life styles • Failure to be realistic about government and private pension plans • Failure to manage (actual/potential) increased income • Failure to utilize professional expertise available	• Lack of supplemental retirement funds • Inadequate pensions and Social Security income • Lack of adjustment to income changes • Failure to readjust insurance coverage • No will/s or will/s out-of-date • Lack of knowledge about and utilization of community resources • Failure to explore alternatives/options in advance of retirement	• Failure to consider life style alternatives • Failure to maximize group power in the marketplace • Failure to identify and use community resources • Failure to adjust spending to true economic situation • Failure to develop and implement a plan for sharing one's estate • Failure to recognize and accept the interdependency of self and others and to seek help as needed • Failure to write letter of last instructions • Failure to finance leisure activities
Desirable Outcomes	• Spending, savings and investment plans adjusted to changing family/ or personal situation • Retirement plan updated • Family members aware of estate plan provisions	• Realistic understanding of retirement situation (economic and social) • Knowledge of retirement income at different age levels • Alternative sources of retirement income arranged • Savings, protection and investment program updated • Revised estate plan and/or will/s	• Satisfactory adjustment to change in retirement income • Use of consumer knowledge and skills and community resources maximized • An orderly plan for transfer of property provided • Appropriate health care, liability coverage and supplemental income provisions made

ADULT FINANCIAL MANAGEMENT MATRIX—PART II

HANDOUT **1/6**

This financial management matrix is planned to help educators, counselors and others:

- Understand how financial needs and tasks change throughout the life cycle;
- Understand how commonalities and differences in financial needs are affected by age and household structures;
- Determine financial priority emphases;

- Understand relationships and allocate income between spending, borrowing, saving, protecting, investing, and sharing to achieve and maintain economic stability and security.

This matrix does not provide a definitive list but illustrates a process to be used when developing financial programs. Each program planner will think of other items appropriate for the audience. The matrix encourages a life cycle planning approach, as it relates to various household forms or structures.

Part II is designed to provide:

- General or starter questions applicable to six age groups and
- Additional questions related to six age groups and to five types of households.

The program planner is encouraged to include both finance related content and educational processes to help answer these and similar questions for his/her group members.

All questions are related to the basic and unique financially related tasks identified in Part I.

Household structures include married (with children), married (without children), single parent, single and other.

Questions Related To Finance

General or Starter Questions For All Age Groups and Life Styles

1. • Have you recently analyzed what proportion of your income is being allocated to savings and investments?
- Is the way that you and members of your household provide for your financial needs satisfactory to you?
- Have you recently analyzed what proportion of your take home income is being spent for consumer goods and services such as shelter, food, etc.?
- What have you done to establish and maintain your credit standing?
- What percentage of your take home income is going into debt payments? Is this a manageable percentage?
- What are your plans for reallocating your income to meet rising costs of goods and services over the next year? five years? longer?
- What options do you have to increase real income as prices increase or inflation continues?
- Are you exploring opportunities and changes you may need and want to make in employment during your working life and after retirement?
- What are your plans for providing financial security in retirement?
- What are your plans for distribution of your property after death?
- Have you developed personal and family values and determined how these relate to your family/household goals?
- What methods do you use to keep financial records?
2. • How have you covered the risks of death? property damage or loss? liability to others? health and medical care? loss of income?
- Is your risk coverage compatible with your income?
- Have you been reviewing your coverage as your life style and needs change?
3. • What are you doing to increase your income through:
Employment?
Learning to "do-it-yourself"?
More training and/or education?
- If employed, how long do you plan to work in the job or profession you now have?
- Will your present employment provide the retirement income you need?
4. • What are you doing to develop additional skills, avocations, etc. that add more enjoyment during your youth? middle years? retirement?
- What are you doing to afford the life style you want to enjoy now and in the future? middle years? retirement?
- What provisions have you made to enable your family to continue its life style in case of your death?
- How has any change in family structure or other aspects of your personal life affected your previous life style and standard of living?
- Have you considered changing your life style? If so, have you thought how this would affect you and your family financially?
- What steps have you taken to improve communication with other family/household members regarding financial matters?
5. • What public and/or community resources are available to you that require little or no monetary expenses?
- Which public and community facilities are you using to supplement your financial situation?
- Have you investigated what Social Security and other government programs would mean to your family if you were to die now? When you retire?
6. • What professional persons have you used for counsel (financial, personal, legal)?
- What guidelines have you used when selecting counselors to help with:
Personal affairs?
Legal affairs?
Financial affairs?
- What sources or agencies have you consulted when:
Getting tax information and help?
Making a will?
Planning and managing your estate?
Considering and buying insurance?
7. • Where do you go to obtain:
Information about consumer products and services?
Help with consumer problems?
Information about laws and regulations that protect consumers?

Additional Questions Related to Household Structure of Age Group

Age Group	18 to 24	25 to 34	35 to 44
Married (with children)	• What are you doing toward saving for home ownership? • How are you educating your children in handling financial matters? • Have you adequately covered the life of major earner(s)? • What have you done to protect the homemaker's services? • What are your plans for rearing your children if you, your spouse or both are deceased? • Have you made separate wills? • Have you protected your financial position by how you own property with your spouse?	• What are your financial plans for your children's education and training? • What are your options and plans for financing housing now and in the future? • How are you covering increasing financial risks as your children grow and develop?	• How are you handling increased child rearing costs? • How involved are your children in handling financial matters? • What plans are you making for maximizing income(s) as your children approach college age?
Married (without children)	• Have you agreed on division of financial obligations (employment, buying, paying bills, etc.)? • What have you done about separate wills? • What plans have you made toward saving for home ownership?	• What are the financial consequences of having or not having children? • What are you doing to step up or increase savings and investments for future security? • If both spouses are working, have you analyzed methods to reduce income taxes?	• How are you taking advantage of your income(s) to maximize savings and investments? • What financial responsibilities will you have for others in the future?
Single Parent	• Have you set long term goals (i.e., education, career training) which can improve your economic situation? • Have you established a reliable financial identity in your own name? • What arrangements have you made for custody and care of your children in the event of your death? • Have you investigated ways to reduce costs of housing, food, etc.?	• What plans are you making to increase your income now and in the future? • What are you doing to involve your children in financial matters as a means of developing their skills?	• What adjustments are you making to cope with increasing child rearing costs?
Single	• What progress are you making toward financial independence? • What are your plans for career and future income? • What responsibilities will you have for others?	• What are you doing to reduce taxes on your income? • What are you doing to increase savings and investments for long range security?	• Have you considered investments that offer tax advantage? • What other responsibilities or dependents will you have in the future?
Others	• Have you developed an equitable plan for sharing financial obligations in the household? • How are you building financial identity for all adult household members? • What have you done to cover risks of personal and communal property of the household?	• If you have commitments to members of your household, have you purchased insurance and made a will in the event of your death?	• (Same as 25-34 age group)

Additional Questions Related to Household Structure of Age Group

Age Group	45 to 54	55 to 64	65 and over
Married (with children)	• What are your plans regarding housing costs as children leave home? • Have you made changes in wills and other legal papers as children have left home, married, etc.?	• What have you done to change your estate plans as your children have left home?	• Have you discussed personal wishes and future living arrangements with children? • If either of you become ill or incapacitated, would your children help? • Will your children supplement your income?
Married (without children)	• (Same as 35-44 age group)	• Have you decided how your estate would be allocated if both you and your spouse die simultaneously?	• How will your spouse be financially cared for if something happens to you? • What adjustments in living arrangements would be made if either partner became ill or died? • Have you made plans to share resources with others (churches, schools, etc.)?
Single Parent	• (Same as Married with children)	• What have you done to change your estate plan as your children have left home?	• (Same as 1 and 3 of Married with Children) • If you become ill or incapacitated, how much support from your children can you depend on?
Single	• (Same as 35-44 age group)	• What plans have you made for someone else to handle your financial affairs if needed?	• Have you explored options among hospitals, nursing homes, retirement homes? • Have you established a trust that might care for you when you cannot manage alone?
Others	• If you have made a financial commitment to others, how do you feel about expenses that might occur such as support of parents, final expenses, etc.?	• What plans have you made for someone else to handle your financial affairs if needed?	• Will you be able financially and physically to care for another person for whom you feel responsible in the event of that person's illness or incapacity? • Have you investigated the possibility of a trust to cover cost of care if you are unable to handle financial affairs?

PERSONAL & FAMILY FINANCIAL PLANNING EDUCATION FACTSHEET

HANDOUT

1/7

STUDENT PERFORMANCE

- 46.3 percent — less than half of all Americans — are functioning with any degree of real competence in the areas of occupational knowledge, consumer economics, government and law, health and community research.⁷
- 34.7 million adult Americans function with difficulty and an additional 39 million are functional, but not proficient, in coping with basic requirements that are related to consumer economics.⁷
- One out of every five adults in the U.S. functions with difficulty or is unable to perform correctly on occupationally-related performance indicators.⁸
- One-fourth or more of students assessed were unable to do the following consumer tasks:
 1. Identify the largest single deduction from the average paycheck.
 2. Recognize requirements and benefits of social security.
 3. Recognize deceptive advertising practice.
 4. Understand the proper use of credit cards.
 5. Recognize how to get the greatest return on invested money.
 6. Determine whether an appliance meets electrical safety standards.
 7. Recognize basic indications of a poor used-car purchase.
 8. Know how to handle door-to-door salesmen.
 9. Recognize least costly food products.
 10. Understand differences between types of auto, life and medical insurance.
 11. Calculate finance charges.
 12. Understand principles of using credit or borrowing money.⁹

YOUTH ATTITUDES

- Eighty-nine percent of young people (14-25) are concerned about their future financial security.¹⁰
- Seventy-eight percent of young people say they are good at managing their money.¹⁰
- Sixty percent say they plan their spending by the day, month, or by the year.¹⁰
- Thirty-nine percent say they usually have no spending plans.¹⁰
- Fifty-six percent of young people say they save regularly.¹⁰
- Eighty-three percent have not taken a course in money management; 60 percent think such a course should be required.¹⁰

TEACHER EDUCATION

- Consumer education and economic education are taught by persons who have received relatively little training in the subject matter.¹
- Teachers who completed a consumer education course scored higher on tests than other teachers, but over-all not very high.²
- Thirty percent of colleges and universities report having consumer education curricula.²
- Opportunities are limited for studying in a multidisciplinary or interdisciplinary curriculum in consumer education and consumer affairs.³
- Forty-nine percent of respondents believed that an interdisciplinary curriculum should be established.³

FAMILY INFORMATION

- In 1976, 6 percent of all families conformed to the "typical" family pattern of a homemaker wife and two children.⁴
- Fifteen percent of American families consist of a working husband, a wife who does not engage in market work and any number of children under 18 years of age who depend on a single earner.⁴
- 7.5 million families were single-parent families that consisted of a mother and her children in 1976.⁴
- One out of every eight families is headed by a woman, and about half of these women are in the labor force.⁴
- About half of female family heads are either divorced or separated from their husbands; about one-third are widowed; and the remainder have never been married.⁴
- Divorced women have the highest labor-force participation of any marital category — about 80 percent for divorced women with school-age children.⁴
- Less than half of all husbands are the only breadwinner in the family.⁴
- One-tenth of employed wives are the only earner in their family.⁴
- The median income of all husband-wife families was \$14,870 in 1976.⁴
- The median income for husband-wife families with wives in the paid labor force was \$17,240; a 35 percent increase.⁴
- Female-headed families have very low incomes — a median of \$6,840 in 1976. More than one-third of all female-headed families had incomes under \$5,000 in 1976.⁴
- Between 1975 and 1990 nearly 12 million women will be added to the labor force.⁴
- Between 1950 and 1976, the proportion of family heads under age 30 increased from 15 percent to 19 percent; family heads 65 years old and over rose from 12 percent to 14 percent; family heads 30 to 40 years old fell from 36 percent to 31 percent.⁵
- The proportion of family heads with only an elementary school education dropped from 49 percent in 1950 to 19 percent in 1976; the proportion who were high school graduates increased from 19 percent to 35 percent.⁵
- In 1976, 14 percent of family heads had attended one to three years of college compared to 7 percent in 1950.⁵
- In 1976, 16 percent of family heads were college graduates compared to 7 percent in 1950.⁵

PERSONAL & FAMILY FINANCIAL PLANNING EDUCATION FACTSHEET

1/7 continued

LEGISLATIVE ACTION

Thirty-seven states and the District of Columbia have policies which urge or require that consumer education courses be taught in schools.⁹

- Alabama
- South Carolina
- Arizona
- Louisiana
- Tennessee
- Idaho
- Oregon
- Florida
- Pennsylvania
- Kentucky
- Mississippi
- Missouri
- Nevada
- New Jersey
- New Mexico
- North Carolina
- Oklahoma
- Texas
- Illinois
- Georgia
- Delaware
- Iowa
- Utah
- Wisconsin
- California
- Indiana
- Kansas
- Maryland
- Michigan
- Montana
- Arkansas
- New York
- Ohio
- Rhode Island
- West Virginia
- * Alaska
- * Hawaii
- * District of Columbia



*Not Shown on Map

SOURCES

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2. Garman, E. Thomas. "A National Assessment of the Consumer Education Literacy of Prospective Teachers from All Academic Disciplines." Washington, D.C.: USOE Virginia Polytechnic Institute and State University, (July, 1977).
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4. Klein, Deborah Pisetznr. "The Outlook for the Labor Force: Implications for Families." *Family Economics Review* (Winter-Spring, 1978), pp. 45-47.
5. "National Assessment of Educational Progress," a nationwide assessment of consumer skills under the support of the Educational Commission of the United States (1978).
6. Northcutt, Norvell. "Adult Functional Competency: A Summary," taken from the Adult Performance Level Project, The University of Texas at Austin, Division of Extension (March, 1975), pp. 6-9.
7. Roth, Edith. "APL: A Ferment in Education." *American Education*, Volume 12, Number 4 (May, 1976).
8. *State Consumer Education Policy Manual*, compiled by Robert J. Alexander, consultant. Education Commission of the States, Denver, Colorado. (A report to be published in 1979)
9. U.S. Bureau of the Census, *Current Population Report*, Series P-20, Nos. 33, 106 and 296.
10. U.S. Bureau of the Census: 1950, PE No. 2A; U.S. Census of the Population: 1960, PC (2) 4B; *Current Population Report*, Series P-20, Nos. 218 and 311.
11. "Youth '78," (a national sample of 2,282 young people between the ages of 14-25), to be published by the American Council of Life Insurance in 1979.

WORKSHEET FOR FINANCIAL PLANNING 13-17 YEAR OLDS

HANDOUT

1/8

Unique Financial Tasks	
Common Financial Errors	
Desirable Outcomes	
Ideas for Teaching	

Training materials funded by a grant from the AMERICAN COUNCIL OF LIFE INSURANCE.

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

HANDOUT

1/9

This section contains references and other sources of information about personal and family financial planning that will be useful in providing background information on the topic.

A Date With Your Future, American Council of Life Insurance. A 36-page illustrated booklet designed for independent study by senior high school students. The central theme is planning to gain control of financial resources plus development of a range of finance-related consumer skills. Free in quantities up to 75. Additional copies available at 20¢ each.

Let's Talk About Money, American Council of Life Insurance. A 24-page basic money management guide to help consumers plan their financial future. Includes charts and worksheets for individual and family planning. Single copies free. Additional copies 20¢ each.

Financial Planning Education: A Challenge for Teachers, Trainers, and Institutions. Association of Teacher Educators, 1900 Association Drive, Reston, VA 22091. Background papers on financial planning education and its importance in educational programs. Single copies \$2.25.

INTRODUCTION TO PERSONAL AND FAMILY FINANCIAL PLANNING

Purpose. Your students are no strangers to money. Indeed the value they place on it is considerable. According to a recent survey "security" and "good pay" are what young people consider most important in choosing a job or career, even more important than "stimulating and creative work."

But financial security often depends not so much on the amount in one's paycheck as on how well one manages it. The understanding of how financial needs and resources change over the life cycle is basic in achieving economic stability and security. Unfortunately, few people are born "financial planners." This process involves more than recordkeeping and buymanship—it encompasses planning for obtaining, protecting and using financial resources.

The factors influencing personal financial resources have become increasingly complex and in the last 10 years a strong emphasis on money management and financial planning has emerged. Today, as many as 37 states and the District of Columbia recommend some type of consumer education for students. Instruction in consumer education content can be provided in special consumer education courses as well as in other subject areas. Often the content is presented in social studies, language arts, home economics, business education, mathematics and economics.

Personal and family financial planning is a major component in many consumer education curricula. Considerable attention is given to topics that fall under the general headings of planning for money management, as well as obtaining, protecting and using financial resources.

This section focuses on understanding financial planning education. It describes the process used to anticipate changes in moving from one stage of life to

another, choosing the options and developing a financial plan. It identifies competencies in financial planning education and basic adult financial tasks that students will encounter as they pass through the stages of the life cycle.

We hope you will find this helpful in teaching financial planning to your students; a working knowledge of the process can help them and their families lead more satisfying lives.

Understanding Personal and Family Financial Planning. The study of personal and family financial planning involves the practical application of economic planning principles to managing individual and family resources at various life stages. Emphasis is placed upon planning for obtaining, protecting and using a wide range of financial resources in relation to anticipated changes in needs and responsibilities throughout one's personal and family life span. This process is applicable to all life stages and can be taught to any age group—from the youngster just entering elementary school to the retiree confronted with rising inflation.

Achieving the understanding and the ability to practice sound personal and family financial planning permits the individual to enhance his own and his family's quality of life. By developing these life coping skills the person becomes an effective family member, an educated consumer and an informed citizen.

A panel of educators has identified the following competencies for the learner in financial planning education:

1. Analyze personal and family values, goals, and priorities and their relation to decisions in financial planning.

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

1/9 continued

2. Provide an income base that draws upon a wide range of financial resources that can be anticipated to change throughout the life span.
3. Design a comprehensive personal or family financial plan, using that base, to reflect defined values, goals, and priorities.
4. Implement the plan to meet short- and long-term goals by applying principles of effective spending, borrowing, investing, saving and sharing.
5. Evaluate and modify the plan to meet changes in the household situation (family) and in relation to social and economic conditions.
6. Assess all aspects of the plan in terms of potential financial risk in order to provide for protection of resources and wealth.¹

These competencies reflect a commitment to a broad conceptualization of personal and family financial planning.

The key to successful implementation of these financial planning competencies is an understanding of the unique financially related tasks that people at various stages of the life cycle encounter. Understanding future needs and responsibilities fosters an "anticipatory adjustment" approach to financial planning. This approach encourages people to anticipate changing needs and resources in order to maximize all of their financial resources.

The Financial Planning Process. Financial planning puts great emphasis on utilizing financial resources in ways that contribute to family stability and personal fulfillment throughout one's life. It focuses on the role of the person in the family, treating the household unit as consumer, protector or earner. Emphasis is placed on personal values as well as financial issues related to developing family financial plans.

The emphasis is on everyday activities, such as setting goals by anticipating what will be needed or wanted next week as well as in the months and years ahead. Recognizing what one feels is important (values), placing priorities on certain goals based on needs and allocating resources according to a plan—these are a few of the elements of financial planning.

Other elements include decision making—not spur-of-the-moment decisions but decisions that are carefully thought out; keeping records of income and expenses

and designing financial plans which can be invaluable when making financial decisions; and collecting information on the economic climate, investment options, tax laws and estate planning.

Developing strategies to meet long- and short-term goals is basic to and probably the most creative aspect of financial planning. Important, too, is "forecasting." When people can recognize that changes in living arrangements, needs, responsibilities, sources and amounts of income can be anticipated, they can begin to plan their financial resources.

The process of financial planning is based on several beliefs:

1. Our behavior reflects our values.
2. Values are translated into goals or expectations.
3. Goals are more likely to be achieved if there is a realistic plan for their attainment.

If setting goals is at one end of the financial planning process, evaluating the effectiveness of a financial plan is at the other. Periodically, the following questions should be asked: Are goals being met? Are earning-spending habits compatible? Is the plan helping me/us get the most for my/our money?

There are some basic financial tasks common to all people. Learning to deal with these tasks can help students enhance the quality of their lives as they move out of the classroom into the working world. The chart below indicates some of the major financial tasks most young people will be called upon to perform as they move into the adult life stages, as well as the selected outcomes that successful performance will generate.

Financial planning embraces information from many disciplines. It contains aspects of sociology, psychology, finance, economics and communications and applies to persons of any age, income level, lifestyle and family size.

Many teachers consider financial planning interdisciplinary and introduce planning concepts as illustrations, reviews, discussion topics and other activities in math, language arts, English or social studies courses. Others introduce financial planning in home economics or business courses.

¹Prepared by Dr. William Hug, University of Georgia; Prof. Lois Guthrie, Montclair State College; Dr. C. Raymond Anderson, University of Maryland; Dr. Iris M. Elfenbein and Ms. Regina Dolan, American Council of Life Insurance.

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

I/9 continued

Basic Adult Financially Related Tasks and Selected Outcomes:

Tasks	Selected Outcomes
1. To manage financial resources to meet changing responsibilities for self and others over the life cycle.	● Skills necessary to obtain, protect and use financial resources learned and used. ● Income allocated between spending, borrowing, savings, protecting, investing and sharing for current and future stages. ● Consumption expenditures appropriated between housing, food, transportation, clothing, medical, etc. ● Personal and family values defined and goals planned. ● Changes anticipated and related to ways financial resources are obtained, protected and used.
2. To cover risks.	● Life, health, liability and property insurance provided according to need and income. ● Risk of income loss diminished. ● Purchasing power and capital protected.
3. To provide life-long learning needs.	● Training and education needs, options and goals determined. ● Training and education financed.
4. To build a satisfying lifestyle.	● Employment opportunities and career advancement achieved. ● Personal, home and community environments balanced with needs, wishes and income. ● Satisfying work environment created.
5. To assess public systems and institutions to increase real income.	● Use of available community and government resources maximized.
6. To utilize professional and legal counsel.	● Adequate legal, personal and economic advisors obtained. ● Legal instruments understood and used.
7. To increase consumer proficiency.	● Marketplace competency developed. ● Laws and regulations affecting consumer goods and services understood and used to advantage.

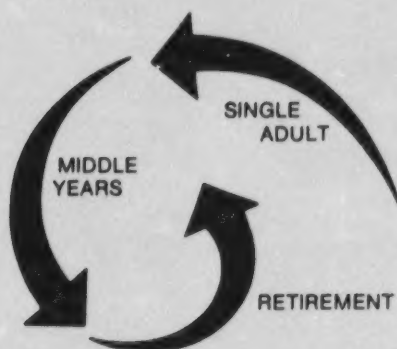
SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

1/9 continued

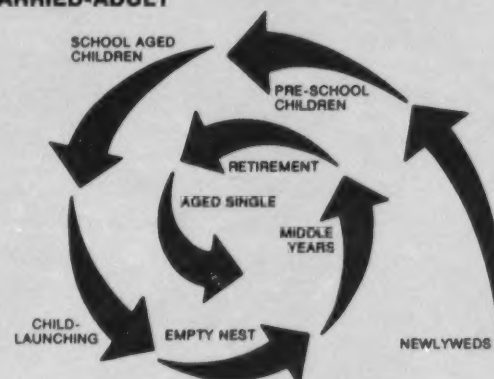
The Life Cycle. One of the easiest ways to illustrate financial planning as a lifetime process is to use a descriptive device known as the "family life cycle." Of course, not everyone's life follows this cycle. But

because most seem to, it is a useful tool. The following identifies two lifestyles—that of a single person and that of a family.

SINGLE-ADULT



MARRIED-ADULT



Change is an important concept for students to understand when developing a financial planning philosophy of their own. The following life cycle charts identify some of the changes that will occur as people move from one stage to another. The variations and emphases on tasks are due to the very different needs which occur at the different points in the life cycle. For example, a young man with responsibilities for himself only would have very different needs than the married father of three young children. Available sources of income vary over the life cycle of the young adult—a college student might have her allowance and a part-time job as her sources of income, while the father of this young woman might obtain his income from his job, investments and an inheritance. The grandmother in the family might obtain her income from Social Security, inheritance, a pension and the proceeds of her husband's life insurance policy.

In addition to the varied sources of income, the different values and attitudes that people have also affect their

financial planning and the use they make of their financial resources. It is not uncommon to find that people with the same incomes allocate their resources in very different ways. The way they do this accounts for the difference in lifestyles so frequently observed. Whatever the resources and the lifestyle desired, planning must occur, for little can be accomplished without it.

An introduction to the life cycle involves the students and motivates them to plan. The content of financial planning courses should be related to life experience if it is to be meaningful. The information takes on greater importance when students are asked to think in terms of their family and their various life cycles. Skills enabling students to apply knowledge are developed through this process of instruction.

The different life stages are listed in the following chart. Along with each stage is a selected list of common financial tasks.

Financial Planning Throughout the Life Cycle

Age Group 13 to 17

- Develop plans for eventual independence
- Evaluate future financial needs and resources
- Explore career options
- Develop an understanding of the financial system
- Develop record keeping systems

Age Group 18 to 24

- Establish household
- Train for career
- Attain financial independence
- Purchase risk coverage
- Establish financial identity

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

I/9 continued

	• Establish a savings program • Make a spending plan • Develop effective financial record keeping system • Develop an effective financial planning system
Age Group 25 to 34	• Provide for child bearing and rearing costs • Provide for expanding housing needs • Expand career goals • Manage increased need for credit • Provide for training-education funds • Purchase additional protection coverages • Draw wills • Maximize financial management skill of all members of household
Age Group 35 to 44	• Upgrade career training • Continue to build education fund • Maximize head-of-household protection • Provide greater income for expanding needs • Establish and work toward retirement goals
Age Group 45 to 54	• Provide higher education/training for children • Maximize investments • Evaluate and update retirement plans • Communicate with family members about estate plans • Assess and explore estate plan
Age Group 55 to 64	• Consolidate financial assets • Provide for additional future security • Re-evaluate method of intended property transfer • Investigate part-time income or volunteer work for retirement • Assess housing location and expense for retirement • Meet responsibilities for aging parents or other dependents
Age Group 65 and over	• Re-evaluate and adjust living conditions and spending as they relate to health and income • Evaluate and adjust programs for increasing risks • Secure reliable assistance in managing personal and economic affairs • Finalize plan for sharing estate • Finalize letter of last instructions

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

I/9 continued

Benefits of Financial Planning. Many people feel that financial planning is only for persons who have a lot of money, but, in fact, even those with the smallest income can benefit from effective money management. Financial planning can foster a sense of security and stability in one's self or family that may not be found in families whose members are ignorant of the components of financial planning and thus unable to perform financial planning tasks adequately.

Financial planning is a continuing process. It is as effective as the individuals involved, who anticipate future financial needs and responsibilities and exercise self-

discipline over their use of money to assure meeting these needs. In order to do so, people need to understand the components from the routine of record keeping to the creative development of a personal philosophy for obtaining, protecting and using financial resources.

Successful planning permits a certain measure of control over one's life. Understanding alternatives allows people to pursue strategies to meet needs and to be better able "to make ends meet." Involving oneself in financial planning carries with it the possibility of personal fulfillment and satisfaction gained by successfully working toward goals.

INTRODUCTION TO PFFP FRAMEWORK

APPENDIX



SCRIPT

(Master Transparencies Attached)

Transparency

Narration

1

Personal and family financial planning is a decision-making process. It involves using all available information to make effective decisions about the way we obtain, protect and use financial resources. People must examine personal attitudes and expectations about their lives and they must have basic financial information available about savings, investing, insurance, taxes and so on to develop a usable financial plan.

2

Note to Director:

Use examples: *want* new shoes, *need* new roof, buy a cabin cruiser, buy at 2nd hand stores, buy designer clothes

Many personal or family factors affect financial planning and decision making. We must consider personal *needs* and household needs, personal and household *wants*, and balance these needs and wants against available *resources*. What is possible at this time? What is not? We need to clarify our *values*. What is important to us, what is not? Values combined with *lifestyle* can affect dramatically our decisions regarding the acquisition, protection and use of financial resources. Two individuals or two families with similar incomes may live very differently. One may be relatively comfortable, the other may be in debt. Much depends on how the financial resources are distributed. There is not a right or wrong way. Individuals and families must do what is appropriate for them. Decisions about planning should be proactive and considered. They should be based on values, goals, priorities and the stage of the life cycle.

3

But values and goals, needs and wants, priorities, lifestyle and life stage are only one side of financial planning. We also need to know about the financial factors. Without this functional knowledge and the application of it to personal and family factors, it is impossible to plan effectively. Here are some basic financial factors about which we need to be informed.

Obtaining financial resources includes more than income derived from employment. Interest from investments and savings, gifts, inheritances, funds obtained from borrowing, resources obtained from government services—contributory or non-contributory (social security and unemployment insurance or welfare and AFDC). Some of the means for obtaining may be non-financial as a good education, a hobby or a skill. There are different combinations at different steps, e.g., early years—2 incomes; retirement—social security and pensions.

Protecting financial resources means making an effort to minimize financial risks to us and our households. Risk management involves determining the nature and extent of risks at different life stages, to provide appropriate protection. The early stages may require major protection of employment income. Later we may have amassed enough other resources. We may enroll in courses to upgrade our skills or maintain our professional credentials. We put money in the bank, purchase life insurance, auto and home insurance. We obtain health insurance. We plan for pensions and buy IRAs.

Using financial resources addresses what we do with our money. We need to determine how we can allocate our resources to provide for day-to-day expenses such as food, clothing, housing and personal care, to cover irregular expenses such as vacations and major recreational costs, health needs not covered by insurance, and replacing major appliances, and to provide

future capital for major expenses that occur infrequently such as the purchase of a home, paying college tuition, or buying a business. We may choose to use our financial resources for saving, for borrowing, for investing, for educating, for recreating, both immediately and/or in the future. Whatever our goals, we can achieve them through sound financial planning—by planning for day-to-day expenses, by planning for irregular but predictable expenses (replacing appliances, auto repairs) and by planning for future capital to pay for major expenditures such as purchasing a home or buying a business.

4

Obtaining, protecting and using are not discrete categories. The financial factors described in transparency 3 sometimes fit into more than one category. We see this depicted in the Venn diagram. Obtaining, protecting and using overlap. Investment components, for example, are placed in the intersection of obtaining and using because interest and stock dividends provide resources which are a form of obtaining, yet having obtained resources we can also use them. Insurance and savings are in the intersection of protecting and using, since they offer protection as well as resources which we can use.

5

Students must understand this framework. This workshop and those that will follow are designed to provide you with information and resources that will help you teach your students. We expect that as a result of studying personal and family financial planning, students will accumulate knowledge and experiences that will enable them to function within the six competencies.

6

Financial planning is a continuing, long-range process which changes as life stages, roles and circumstances change. There is nothing static here.

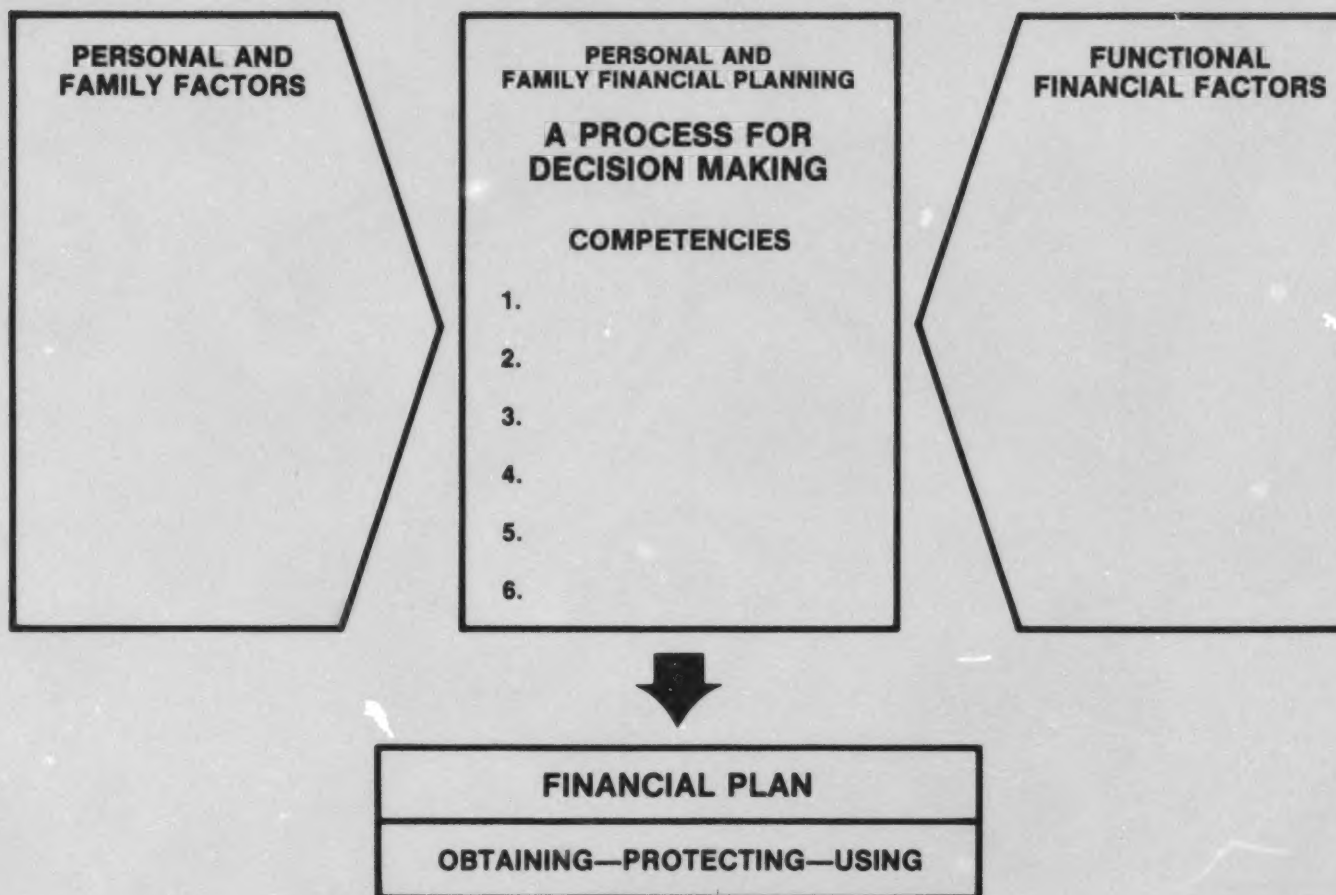
7

Effective decision making and financial planning not only must consider personal factors and financial factors, but must also take into account the environment in which we live. As an example, for the last year, Americans have confronted inflation, while the economy has been in recession. In response to these circumstances, Congress passed a new tax law in 1981 which affects our financial plans in many ways. In fact, it suggests that for many, new financial plans need to be developed.

8**9**

As a result of the information and analyses engaged in and the decisions made, a *financial plan* should evolve which includes how resources are obtained, protected and used.

PERSONAL AND FAMILY FINANCIAL PLANNING EDUCATION



**PERSONAL AND FAMILY
FINANCIAL PLANNING EDUCATION**

**PERSONAL AND
FAMILY FACTORS**

NEEDS AND WANTS

VALUES

LIFE STYLE

LIFE CYCLE/LIFE STAGE

GOALS — LONG/SHORT

PRIORITIES

**PERSONAL AND
FAMILY FINANCIAL PLANNING**

**A PROCESS FOR
DECISION MAKING**

COMPETENCIES

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

PERSONAL AND FAMILY FINANCIAL PLANNING EDUCATION

PERSONAL AND FAMILY FINANCIAL PLANNING

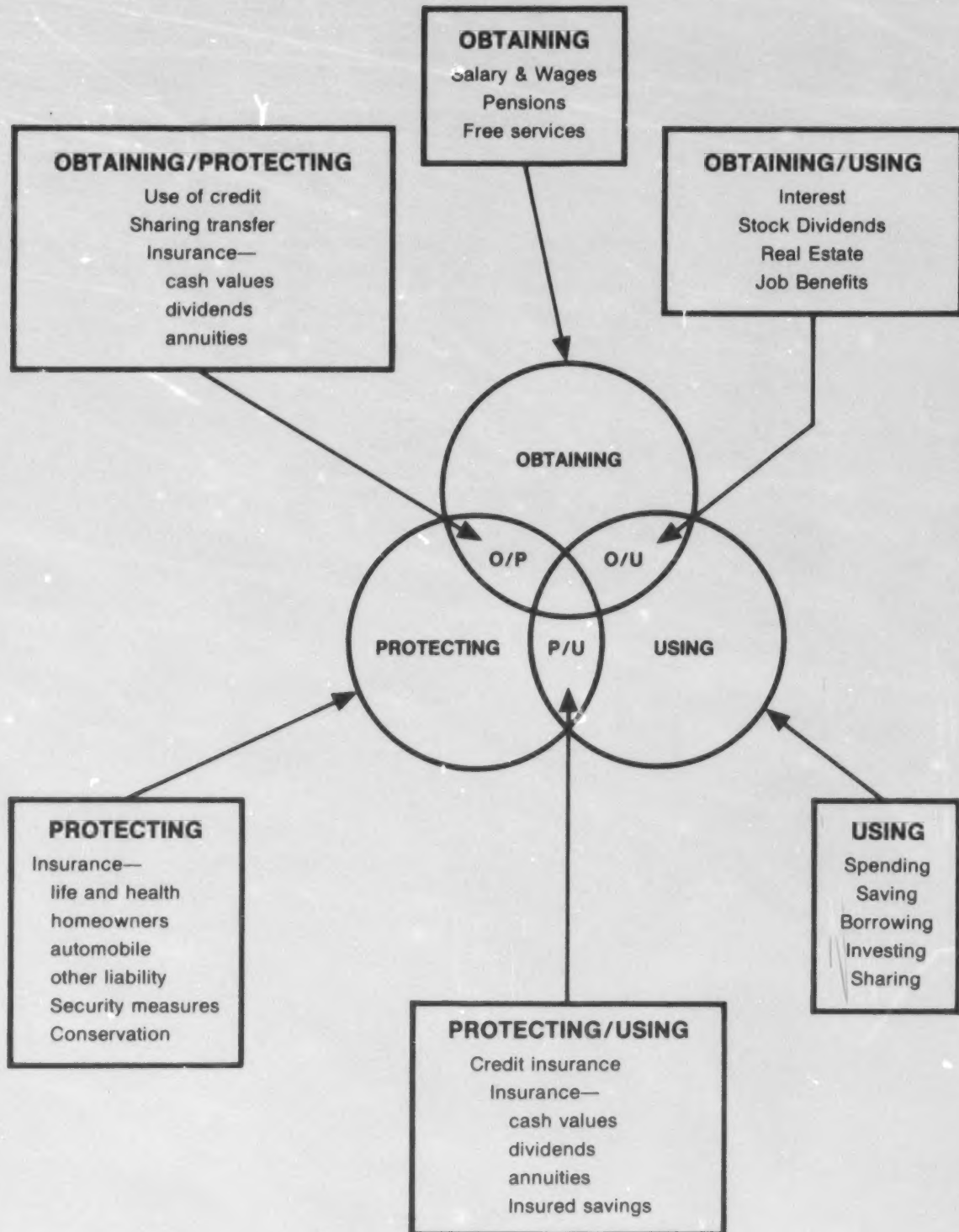
A PROCESS FOR DECISION MAKING

COMPETENCIES

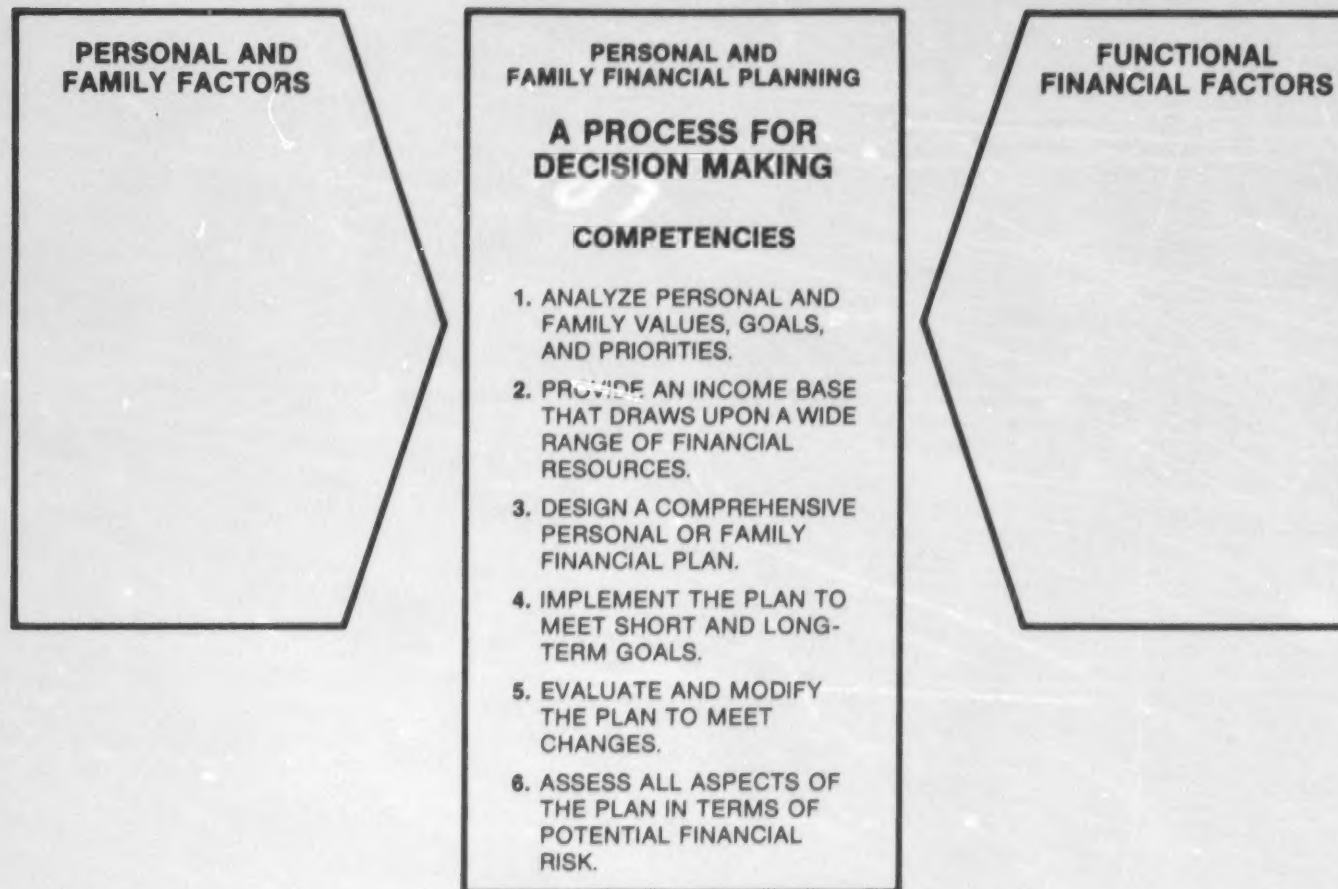
- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

FUNCTIONAL FINANCIAL FACTORS

OBTAINING
BORROWING
SAVING
PROTECTING
INVESTING
SHARING
SPENDING

TRANSPARENCY 4

PERSONAL AND FAMILY FINANCIAL PLANNING EDUCATION



TRANSPARENCY 6

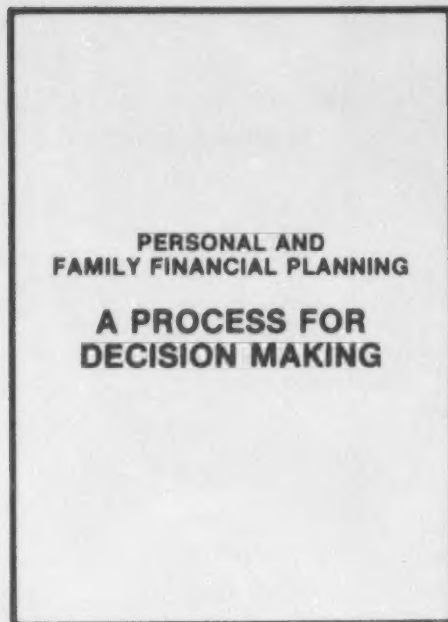
APPENDIX



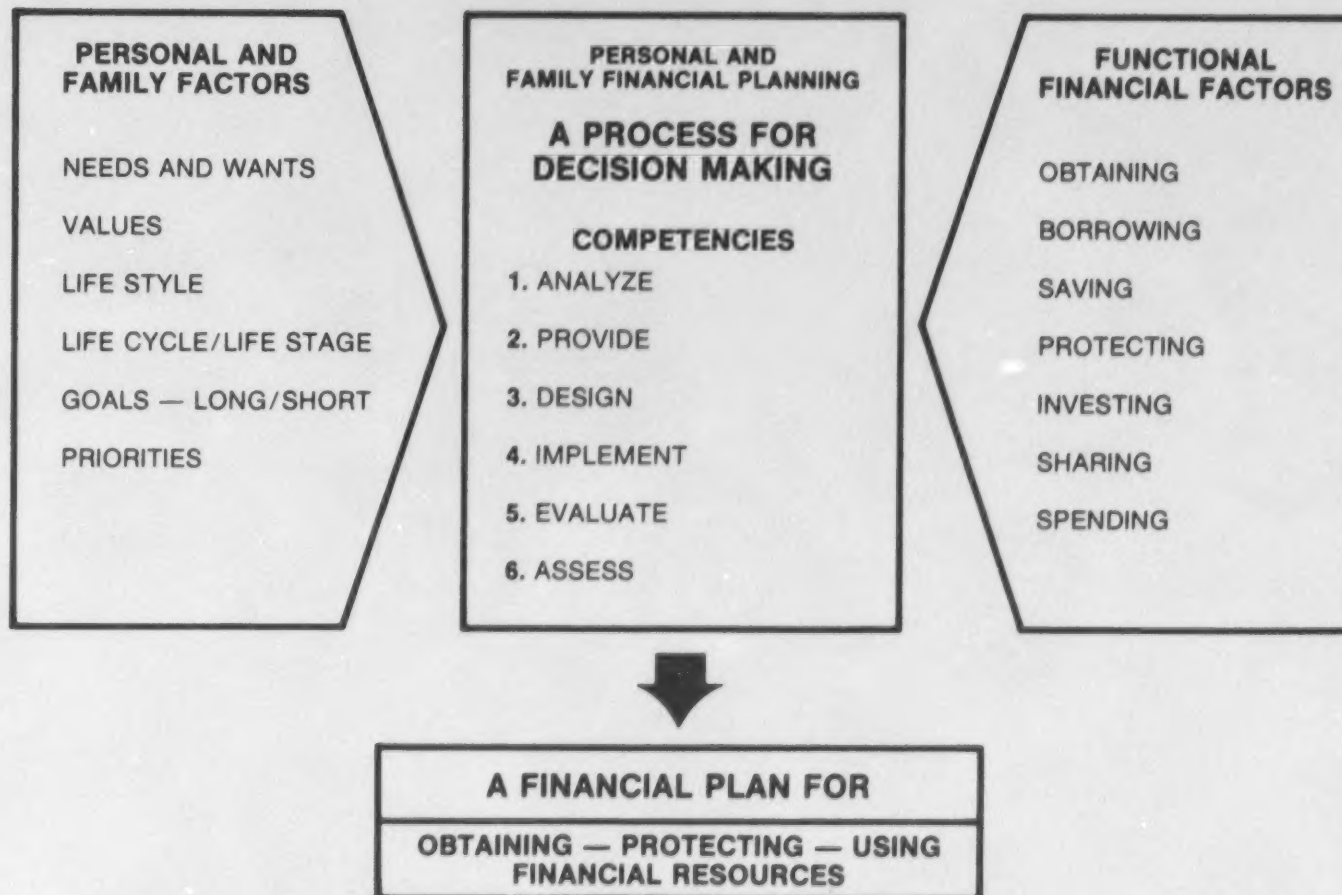
1. Analyze personal and family values, goals, and priorities and their relation to decisions in financial planning.
2. Provide an income base that draws upon a wide range of financial resources that can be anticipated to change throughout the life span.
3. Design a comprehensive personal or family financial plan, using that base, to reflect defined values, goals, and priorities.

4. Implement the plan to meet short and long-term goals by applying principles of effective spending, borrowing, investing, saving and sharing.
5. Evaluate and modify the plan to meet changes in the household situation (family) and in relation to social and economic conditions.
6. Assess all aspects of the plan in terms of potential financial risk in order to provide for protection of resources and wealth.

**PERSONAL AND FAMILY
FINANCIAL PLANNING EDUCATION**



PERSONAL AND FAMILY FINANCIAL PLANNING EDUCATION



DECISIONS, DECISIONS: PREPARING FOR A LIFETIME OF FINANCIAL RESPONSIBILITY ^(C83)

APPENDIX

I/2

1. Decisions, Decisions . . .
2. Preparing for a lifetime of financial responsibility
3. An Orientation . . .
4. Economic ups and downs;
5. Nuclear debate;
6. Mideast turmoil;
7. Energy crisis;
8. Job outlook.
9. Graphic:
Inflation
Divorce
Birth rate
10. Teenagers
11. Teenagers in passive mode—hanging around
12. Street scene:
Adults headed for work
13. Classroom
14. Teenager
15. Teenager
16. Teens playing video game

IMPORTANT

Show the title slide "Decisions, Decisions" on screen before starting audio.

How do teenagers manage to come to terms with our awesomely complex world?

How do they formulate their values?

How do they determine their goals?

What can we, as educators, do to help them make informed choices? What can we do to prepare them for the real demands of life after school?

It's hard to overestimate the magnitude of the economic problems confronting young people. We live in a time when changes in the economy and changes in attitudes to the family leave many people feeling uneasy, uncertain, even bewildered about the future.

Many students feel what futurist Alvin Toffler calls "a profound sense of powerlessness." As Toffler puts it, students often feel overwhelmed, so "numbed by *overchoice*," that they find it difficult to make any choices at all.

The National Assessment of Educational Progress found American teenagers weak in problem solving and decision making skills. It calls for greatly stepped-up efforts to take students out of their passive role and give them active, hands-on experience.

Recent studies have shown that 34.7 million adult Americans have difficulty dealing with the basics of consumer economics.

Forty-six point three percent have an inadequate knowledge of consumer economics and health matters.

The figures from the schoolroom are not a lot more encouraging. According to the National Assessment of Educational Progress, one in four students cannot:

- Identify the largest single deduction from a paycheck;
- Explain the proper use of a credit card; or
- Calculate finance charges.

Student performance on an average consumer question was only 57 percent successful.

Put bluntly, the National Assessment found that students are not prepared to face their responsibilities as wage earners, investors, consumers and citizens.

When asked about life planning and money management, young people display a perplexing mixture of common sense and confusion. They know little about protecting their financial resources and have little idea of how to use financial professionals.

Discrepancies between their attitudes to the present and the future suggest that their self-awareness is low.

DECISIONS, DECISIONS: PREPARING FOR A LIFETIME OF FINANCIAL RESPONSIBILITY

17. **Graphic:**
Youth survey
figures

A recent survey of 14-25 year olds conducted by the Gilbert Youth Organization found that more than half of those participating felt that money is only moderately important. But, at the same time, more than three-fourths of the young people surveyed said that making a lot of money is their goal in life.
18. **Graphic:**
Survey figures

While two-thirds said that it is very important to enjoy life for today, almost ninety percent said they are concerned about their future security.
19. **Graphic:**
Survey figures

Seventy-three percent said that they are fairly good at managing money, but thirty-nine percent said that they usually have no spending plans.
20. **Graphic:**
Survey figures

Eighty-three percent said that they have *not* had a course in financial planning or money management.
21. **Map:**
U.S. legislative
action

Concerned about the possible consequences of many young people unable to cope with the hard, sometimes harsh, realities of financial responsibility and especially aware of the failure of many high school students to demonstrate adequate knowledge of the principles and privileges of the American economic system, many state legislatures urge the inclusion of economic education in the school curriculum.
22. **Oregon map**
with super-
imposition

In some states, this means much more than consumer education. In Oregon, for example, the law insures that students are able to attain these skills and awarenesses:

 - To function responsibly as a wage-earner and wage-spender;
 - To possess basic tools for financial decisions
 - To make wise decisions in purchasing; and
 - To possess basic skills and knowledge for the use of credit.
23. **U.S. map with**
stars for
ACLI action

Over the years, the American Council of Life Insurance has supported workshops for teachers across the country. In each case, these activities help school systems and community colleges meet the need to develop in students, and adults, a basic mastery of the processes of money management and financial planning.
24. **Graphic:**
Values
Goals
Decision making

Financial planning is more than bookkeeping and budgeting. Personal and Family Financial Planning is a decision making process in which we identify and put into practice our basic values. It is the means through which we seek to meet our major life goals.
25. **Hispanic**
teenagers

Personal and Family Financial Planning is a real world survival skill that belongs in the classroom—many classrooms all across the curriculum.
26. **English teacher**
at blackboard

It is a dynamic, person-centered approach to managing resources. It works just as well in English as in math class. It finds its way just as logically into science and social studies as into home economics.
27. **Graphic:**
Obtain
Protect
Use

Personal and Family Financial Planning education imparts the knowledge and skills necessary to *obtain*, *protect* and *use* financial resources throughout the stages of the life cycle.
28. **Graphic:**
Venn diagram
showing overlap

Obtaining means more than earning wages and receiving fringe benefits. It also means getting the education and training necessary to acquire and hone marketable skills. It includes taking advantage of resources obtained through government services such as Social Security and unemployment insurance or from tax-supported community facilities such as the public library.

Protecting financial resources means making an effort to minimize financial risk. Risk management involves securing adequate insurance protection. It also means pursuing a savings plan and maintaining and upgrading professional skills.

Using is not simply spending. It includes the transformation of earnings into new income through investing. Saving is also a form of using; so is borrowing.

DECISIONS, DECISIONS: PREPARING FOR A LIFETIME OF FINANCIAL RESPONSIBILITY

29. Venn diagram;
Insurance/savings
intersection

As this Venn Diagram shows, obtaining, protecting and using overlap. Earned resources such as interest and stock dividends are a form of obtaining. Yet having obtained these resources, we can also use them. Insurance and savings would, for instance, fall in the intersection of protecting and using, because they offer not only protection but also resources that can be used.

30. Black couples
31. Taxi driver
32. Single woman
33. Hispanic family

Personal and Family Financial Planning education doesn't impose a pattern of conformity. Instead, it stresses that financial planning is a flexible process of decision making, applying to people of any income level, lifestyle or family size.

34. Graphic:
ACLI
financial planning
competencies

Underlying the many interdisciplinary applications of Personal and Family Financial Planning are six competencies. Having mastered them, an individual should be able to anticipate many of life's changes and adapt to them financially.

35. Graphic:
Analyze values,
goals & priorities
36. Young women shopping

Objective number one: Students should be able to analyze personal and family goals and priorities in relation to financial planning decisions.

The critical step here is inducing self-awareness—getting young people to think about what they need and why, what they want and why, and about how to differentiate *needs* from *wants*.

37. Sarah
(20-year-old
Black woman)
38. Graphic:
Choice words in
thought bubble

Just out of community college, Sarah eyes a career in computers. Probably a good choice. But she has decisions to make. She will ask herself:

- Which is more important: independence or community?
- Which do I value more: security or new experience?
- Which do I prefer: satisfaction or prestige?
- Which means more to me: work or family?

39. Ralph
(26-year-old man)

A young commercial artist about to be married will want to examine his basic assumptions, asking:

- What are my feelings about money?
- Are they based on factual knowledge or on family habits?
- Where do my priorities come from: pressure to keep up with the Joneses or what I imagine the special needs of my family will be?

41. Ralph and fiancée,
arguing

It's here that communications skills loom large. Money management disputes are one of the major causes of family conflict and divorce.

42. Graphic:
Provide a broad,
flexible income base

Objective number two: Provide a broad, flexible income base that draws upon a wide range of financial resources that can be anticipated to change throughout the life span.

43. Graphic:
Anticipatory
adjustment

This competency is a means of instilling what might be called "*anticipatory adjustment*."

44. Young couple on beach

What will financial circumstances be at each of the stages of the life cycle?

45. Older people on beach

How can both present and future needs be met?

46. Graphic:
Wants/needs/resources
balance scale

How do we adjust the fact of unlimited wants to the reality of fixed needs and limited income?

47. Graphic:
Single life cycle

For single people, the stages of the life cycle look like this.

48. Graphic:
Married life cycle

For married people, like this.

In each lifestyle, married or single, there are different questions, requiring thoughtful balancing of the present and the future.

49. Graphic:
Design a comprehensive
financial plan

Objective number three: Design a comprehensive personal or family financial plan, using that income base, to reflect defined values, goals and priorities.

DECISIONS, DECISIONS: PREPARING FOR A LIFETIME OF FINANCIAL RESPONSIBILITY

50. **Graphic:**
Net income
fixed expenditures
variable expenditures
discretionary funds

Once the income base is charted out, the more detailed questions of money management arise. At this point, financial planning involves mastery of the following categories:

- Net income
- Fixed expenditures
- Variable expenditures
- Discretionary funds.

Net income must be distributed in accordance with fixed expenditures, variable expenditures and discretionary funds.

The categories are standard, but the items within them are not. Individuals and families define and manage their resources in many different ways.

Is savings a fixed or a discretionary item? At what point does food cease being a necessity and become something else?

Objective number four: Implement the plan to meet long- and short-term goals by applying principles of effective spending, borrowing, investing, saving and sharing.

51. Asian couple

When does it make sense to borrow?

52. **Graphic:**
Implement plan
to meet long- and
short-term goals

When is a sale a sale?

53. Credit union

How much security is enough?

54. Sale sign

What is the proper share to devote to religious and charitable organizations?

55. Insurance application

Objective number five: Evaluate and modify the financial plan to meet changes in the household (or family) situation and in relation to outside social and economic conditions.

56. Salvation army
bell ringer

A tight national economy means that a newly married couple may face difficult choices about the relative importance of family and careers.

57. **Graphic:**
Evaluate and
modify plan

A 38-year-old housewife with two children decides to go to law school. How will this affect the family lifestyle now and in the future? How will the family's goals and values change?

58. Newlyweds

A recently retired couple must help out their divorced daughter who cannot support her child. What changes do they make?

59. Housewife leaving
for law school
class

Personal and Family Financial Planning education offers a systematic approach to teaching the kind of reassessment necessary in these situations.

60. Older couple
(mid-60's) with
divorced daughter
and her child

Objective number six: Assess all aspects of the plan in terms of financial risk in order to provide for the protection of resources and wealth.

61. Classroom

What happens if a young working person is injured in an accident?

62. **Graphic:**
Assess plan
for risk

What happens if serious illness strikes a parent with children in college?

63. Automobile
accident

What happens if a wage-earner is permanently disabled or dies?

64. Hospital scene

65. Wheelchair

Assessment of risks in relation to finances is a critical area of managing financial resources. What risks can be tolerated? What risks must be covered by savings and insurance?

66. Couple
(early 30's)

There are two sides to the question of obtaining, protecting and using financial resources: the personal and the financial.

67. **Graphic:**
Obtaining
protecting
using
(flanked by)
personal
(and)
financial

DECISIONS, DECISIONS: PREPARING FOR A LIFETIME OF FINANCIAL RESPONSIBILITY

68. **Graphic:
Personal side** On the personal side, there are values, goals, needs, wants, priorities, lifestyle and stages of the life cycle.
69. **Graphic:
Financial side** On the financial side, the principles of obtaining, borrowing, saving, protecting, investing, spending and sharing.
70. **Wedding** How we obtain, protect and use our financial resources is a vital, life-coping skill. How we manage these resources is, quite simply, how we live.
71. **Teenagers
at video arcade** Clearly, this is something too important to be left to chance. But, as was once the case with sex education, financial planning education is all too often something that teenagers pick up in bits and pieces, sometimes at home, sometimes on the street.
72. **Positive
classroom scene** Personal and Family Financial Planning education offers a flexible program for teaching hands-on decision making and problem solving skills across the curriculum. It can help students become active, astute, informed citizens and effective family members.
73. **Teacher in
front of class** Whether a specialist in home economics, social studies, language arts or mathematics, the teacher of personal and family financial planning needs both a working knowledge of microeconomics and an understanding of the dynamics of human communications, especially the processes of valuing and decision making.
74. **Same teacher
reading ACLI
PFFP materials** Therefore, a teacher or a school system interested in implementing Personal and Family Financial Planning education needs to know where to go for the teaching resources required to institute such programs.
75. **ACLI literature** The entire training package in Personal and Family Financial Planning education, of which this program is a small part, is designed to give teachers and school systems the information needed to develop materials and methods appropriate to students in any of several disciplines.
76. **Young men with chart** There's no question: teenagers (and adults, too, for that matter) can profit from a sustained, structured program that encourages them actively to think through and test out their values, goals and plans.
77. **More young people** Ultimately, Personal and Family Financial Planning is a means of enhancing the quality of life—a way to clarify values and to achieve the sort of lifestyle one wants.
78. **Young couple** Freedom may be the critical element in determining the quality of life. And freedom is the outgrowth of making choices, of taking charge—in other words, of being creative.
79. **Young woman** And, as the English poet William Blake says,
80. **Closing credit** "I must Create a System or be enslav'd by another Man's."

SESSION II

\$

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A PERSONAL AND FAMILY FINANCIAL PLAN¹

(1½ hours)

Introduction

One meaning of the word "plan" is to project a method for achieving some identifiable objective or goal. By its very nature planning is future oriented. The type of planning to be studied in this session of the workshop is a method for helping individuals and families achieve both their long-term and their more immediate financial goals.

Good planning occurs when planners begin with sound information. An awareness of one's personal and family financial situation is an important starting point. Related to this is a more explicit understanding of personal and family values and the desired standard of living that these values reflect.

A part of good planning is knowing some of the pitfalls that may limit a plan's effectiveness, as well as knowing something about the steps in good decision making and the components of a sound financial plan. Elements such as these will be considered in this session as they apply to both short-range and long-range financial planning.

In the initial session you gained an overview of personal and family financial planning and you learned about the importance of having a sound financial plan. In Session II the thrust is more operational in that you will be participating in the actual planning process.

Competencies and Basic Generalizations

What is learned in this session will contribute to attainment of three of the six financial planning competencies. Remember, these are long-range or terminal goals. They are:

1. Analyze personal and family values, goals, and priorities and their relation to decision in financial planning.
2. Design a comprehensive personal or family financial plan that reflects defined values, goals, and priorities.
3. Evaluate and modify the plan to meet changes in the household situation and in outside social and economic conditions.

Substantive generalizations relevant to these three competencies include the following:

1. Comprehensive financial planning increases individual and family effectiveness in obtaining, protecting and using financial resources throughout the life cycle.
2. The economic well being of individuals and families is related to their ability to identify values, determine goals and develop financial plans to reach the desired lifestyle.
3. Income is a major determinant of the level of living and economic security of individuals and families throughout the life cycle.
4. Decision making is a basic process that underlies all functions of personal and family financial planning.
5. Financial record keeping provides information upon which to base financial decisions and actions.
6. A financial plan is a management tool for allocating resources to reach value based goals.
7. A financial plan can assist individuals and families in taking charge of their financial affairs, at all income levels and all stages of the life cycle.

¹Since this is a 1½ hour session, it could be extended by using some activities from Session VII, thereby providing an earlier opportunity to consider the task of infusing PFFP into the school curriculum.

A PERSONAL AND FAMILY FINANCIAL PLAN

8. Each household's financial plan will differ, according to the available resources and priorities for their use.
9. Financial plans should be reviewed and adjusted as personal, household and societal changes occur throughout the life cycle.

Objectives

This session will help the participants gain understanding and competence in teaching high school students to:

1. Describe a standard of living that reflects individual and family values, goals and priorities.
2. List short- and long-term financial goals based on the desired lifestyle.
3. Recognize the importance of income as a determinant of lifestyle throughout the life cycle.
4. Apply the principles of decision making to the process of financial planning.
5. Develop a financial plan based on personal and family values, goals, priorities and income.
6. Identify personal and societal changes which may affect financial planning over the life cycle.
7. Assess the impact of changes such as marriage, divorce, illness, loss of income, birth of a child, on the family's financial well being.
8. Suggest ways to modify a financial plan to meet changing conditions over the life cycle.

Content Outline

The information below describes in more detail elements of a personal or family financial plan and the process through which such a plan is developed.

- A. The decision making process is a series of deliberations or actions taken to arrive at a choice or to solve a problem. Involved are:
 1. Problem or Issue—identifying and analyzing the financial question to be decided is the first step in financial decision making.
 2. Information—knowledge obtained through investigation, study, instruction or communication. Identifying information sources, gaining the facts, judging their accuracy and applying the information to specific financial decisions can help make the best use of limited information.
 3. Alternatives—options available when a choice is being made between two or more things or courses of action. Values and goals are especially important when considering alternatives in financial decision making. Evaluate the alternatives in light of goals; achieve a balance between costs and benefits.
 4. Consequences—results which follow from a set of conditions or actions. Projecting the future consequences of a financial decision entails significant uncertainty. The option is often open to adjust a decision to meet changing circumstances or unanticipated consequences.
 5. Decision-Action—a choice arrived at after consideration of alternatives; which may include a decision not to act.
 6. Evaluation—determining the value of an object, decision or action. Evaluation should be integrated throughout the financial decision making process. Evaluation after a financial decision is made provides an opportunity to decide whether changes need to be made based on new knowledge, differing circumstances or unanticipated results.
- B. Logical financial decision making can yield high pay-offs in terms of increased purchase power, personal satisfaction and a feeling of control over the use of financial resources.

A PERSONAL AND FAMILY FINANCIAL PLAN

- C. Opportunity cost is a useful economic concept which can be applied to financial decision making. Opportunity cost is that which is given up when a choice is made. For example, if you decide to buy a new car, the opportunity cost may be a college education. Trade-offs are involved when, in choosing one course of action, something else must be given up.
- D. Sometimes financial planning efforts fail. The following factors may contribute to such failures:
1. Discussion of money and personal income may stir negative psychological feelings and behavior for many people.
 2. Some people believe that a budget is a financial straight-jacket rather than a planning tool that helps people to reach their goals.
 3. Some people mistakenly believe that keeping a record of daily expenses is all there is to budgeting—record keeping is only one step in the budgeting process.
 4. Procrastination—may be the greatest deterrent to reaching financial goals.
 5. Among the reasons people fail to become financially independent, as listed in Veneta Van Caspel's *Money Dynamics for the 1980s* are:
 - Failure to establish specific financial goals
 - Ignorance about how to manage money
 - Failure to apply tax laws
 - Buying the wrong kind of insurance
 - Failure to have a winning attitude about money—including effort, enthusiasm and persistence.
 6. Another reason why people fail is that they do not take advantage of professional help that is available to them.
- E. Before beginning to develop a financial plan it is advisable to do the following things:
1. Identify personal and family values and project them to make explicit the desired lifestyle these values suggest.
 2. Establish a set of specific financial goals that are consistent with that lifestyle.
 3. Begin to collect information on both your day-to-day and your long-term expenditures.
- F. A short-term financial plan, sometimes called a budget, identifies the resources that are expected to be available in a given time period. It also specifies the amounts expected to be allocated to various spending and saving items. To do this for a given period, say a month, you should:
1. Determine your total income, including every source of money.
 2. Calculate your fixed expense that must be met that month.
 3. Calculate your day-to-day expenses.
 4. Set aside savings or reserves for special situations or needs.
 5. Determine if there is money left over that can be used to create more resources through savings or investments.
 6. Review the plan if income doesn't cover expenses and decide where reductions can be made.
- G. As the name suggests, a long-range financial plan is a tentative projection of resources and expenses over the life cycle. Initially it involves making a determination of your net worth.
1. Calculate your assets, including the market value of all you own.

A PERSONAL AND FAMILY FINANCIAL PLAN

2. Calculate your liabilities.
3. Net worth is the difference between assets and liabilities.
- H. The plan involves making several kinds of projections.
 1. Analysis of needs—regular day-to-day needs, irregular but predictable needs, and major future expenditures.
 2. Strategies for maximum attainment of resources over the life cycle.
 3. Plans to minimize risks and thus protect these resources over the life cycle.
 4. Methods of using these resources wisely to meet regular, irregular, and future needs.
- I. Changes in circumstances such as marriage, divorce, illness, loss of income, or birth of a child can have a major impact on an individual or family's financial well-being.
 1. There are two types of economic risks:
 - a. General economic conditions (inflation, unemployment, recession, etc.)
 - b. Personal crisis (ill health, property loss, loss of income, divorce, etc.).
 2. While planning helps, individuals cannot completely control the impact of general economic factors. They can protect against personal risks. While there are no easy solutions to personal crisis, the following ideas have been suggested:
 - a. Protect against risks (improve employment potential, purchase insurance, gain control of spending).
 3. Learn how to deal with an immediate crisis.
 - a. Communicate with other family members—face the facts.
 - b. Create a temporary plan for reducing expenses.
 - c. Contact creditors to explain the crisis and work out a reasonable plan for paying debts.
 - d. Develop a plan for restoring or increasing income base.
 - e. Clear the air of accusations with reference to fixing the blame.
 - f. Discover new cultural and psychological resources, within yourself, your family network and the community.
 - g. Develop or refine skills in bartering, haggling and resource substitution.
- J. Financial record keeping is essential because it provides the data necessary for making financial decisions.
 1. Record of expenditures
 - a. Records are a tool for the exercise of control over finances.
 - b. Records provide tangible evidence of where money is spent.
 - c. Records document allowable tax deductions.
 - d. Multi-column ledger method of record keeping is probably more useful than less formal methods.
 2. Record of important family papers
 - a. Safe deposit box storage—birth, death, veteran, marriage, divorce and citizenship records. Wills, deeds, titles, household inventory, important contracts.

A PERSONAL AND FAMILY FINANCIAL PLAN

b. Active file storage—unpaid bills, current bank statements, income tax working papers, insurance policies, copies of wills and important contracts, appliance manuals and warranties, inventory of safe deposit box (and key).

c. Dead storage—all active file papers over three years old.

K. There are several sources of information and assistance related to developing a financial plan:

1. Home economists at Cooperative Extension Service in county, state land grant university, and the U.S. Department of Agriculture.
2. Classroom teachers of personal finance in high schools, community colleges and universities.
3. Professional credit counselors.
4. Social service agencies.
5. Professional financial planners.
6. Banks, insurance companies and agents, credit unions and brokerage houses.
7. Periodicals, journals, and books in the public or university libraries.

\$

SCHEDULE OF ACTIVITIES

Approx. Time ¹	Activity	Materials
5 minutes	Introduce the topic. • Comment on the purpose of this session. • Go over the objectives.	Handout 1 "Objectives of this Session"
10 minutes	Warm-up activity • Have participants complete Your Financial Awareness Checklist. • Stress the need for useful financial information in the planning process or Extended Nametag Exercise • Have participants do this exercise. • Stress that financial matters often have emotional overtones that limit ability to communicate about finances.	Handout 2A "Your Financial Awareness Checklist" Handout 2B "Extended Nametag Exercise" (Note: Do not substitute case study here even though this asks for personal data)
15 minutes	The Good Life • Pass out Handout 3. Ask participants to define "the good life." The purpose of this activity is to challenge them to identify desired standard of living, a reflection of their own values. • Ask participants to share comments about their desired standard of living. Invite group discussion of new insights about their desired lifestyles. • Discussion questions: What is the difference between a standard of living and a level of living? Is it possible to maintain or improve the quality of life at a time when the nation's standard of living is said to be falling due to inflation and unemployment? If so, how? Pass out Handout 4. Explain that in this activity the participants will: • Identify goals based on the desired standard of living. • Differentiate among short, medium, and long term goals. • Estimate the cost of reaching those goals. • Establish priorities among goals. Relate information on Handout 3 to this exercise.	Handout 3 "The Good Life" Handout 4 "Personal and Family Financial Goals"
20 minutes	Introduce the process of preparing a financial plan by reviewing elements of the decision making process and some reasons why financial planning may fail.	

¹Time allocations suggested here are only approximations. Workshop leaders should make adjustments when appropriate.

SCHEDULE OF ACTIVITIES

Approx. Time	Activity	Materials
	● Pass out Handout 5. Discuss various formats for keeping records of expenses. Suggest that a simple multi-column ledger method of record keeping is probably more useful than less formal methods.	Handout 5 "The Money Manager"
	● Pass out Handout 6. Explain that the participants will work through the steps in developing a short-range financial plan that is based upon their income expense records and that reflects their values, goals, and priorities. Review the six steps identified in the handout.	Handout 6 "Directions for Setting Up A Short-Range Financial Plan"
	● Pass out Handout 7. Using the six steps as a guide, have participants set up a short-range plan. Move to development of a long-range plan. Pass out Handout 8. Explain that this is an initial step in developing a long-range plan.	Handout 7 "Financial Plan—Short Range" Handout 8 "How Much Are You Worth?"
	● Pass out Handout 9. Suggest that participants review the major financial tasks for their life stage as identified in Session I in Financial Management Matrix I and II.	Handout 9 "Financial Planning Worksheet"
	● Call for questions and comments about financial planning that these two planning exercises might suggest.	
	● Discuss possible alternatives when income is not adequate to meet financial responsibilities: - Increase income - Reduce expenditures - Declare bankruptcy	
	● Ask participants to predict changes which they expect to occur in their personal family lives over the next five years. Encourage them to suggest how their financial plans can be adjusted to meet these changing conditions.	
20 minutes	Introduce and view the film, "The Money Tree, 2nd Edition" ● Explain that this film is about a young couple who fall into excessive spending and borrowing patterns. Their quest for the good life, without applying the skills of financial planning, leads to a series of money crises and the eventual break-up of the marriage. The film describes the problem, but solutions are left to the viewer. ● Before showing the film, ask participants to be prepared to discuss the following points after viewing it: - Causes of Jim's and Jenny's financial problems. Potential solutions to their financial problems. Pass out Handout 10. Use it as a discussion guide.	Film, "The Money Tree, 2nd Edition" Handout 10 "The Money Tree, 2nd Edition"

SCHEDULE OF ACTIVITIES

Approx. Time	Activity	Materials
	Alternate Activity 1: Invite a financial planning specialist from a local financial institution, insurance company, or credit counselling service to speak at the Workshop on money management problems of young adults in your area. Ask the specialist to identify specific areas of financial knowledge and skills which should be incorporated into high school units of study. Alternate Activity 2: Invite a computer specialist to discuss the role and impact of home-based information systems, specifically the home computer, on future trends in financial planning and record keeping.	
20 minutes	Pass out Handout 11. Indicate that this handout should be filled out and brought to Session VII where it will be used. Pass out Handout 12. Explain that it contains ideas that will assist these participants in teaching this topic to their own students. Ask: How can this material on PFFP be taught to high school students? Lead a general discussion on teaching strategies and useful classroom activities that will integrate PFFP concepts with the curriculum. Ask participants to complete the Workshop Session Evaluation Form and to place them at some given location in the room. Leave the room before participants begin to complete evaluation form.	Handout 11 "Financial Planning Teaching Ideas" Handout 12 "Suggestions and Resources for Secondary School Teachers"

SCHEDULE OF ACTIVITIES

Preparing for this Session

Here is a checklist of materials and teaching aids that you will need to conduct this session.

1. Film projector and screen
2. Film, "The Money Tree, 2nd Edition"
3. Copies of the following handouts for each participant:

- Handout II/1 - Objectives of this Session
- Handout II/2A - Financial Awareness Checklist or
- Handout II/2B - Extended Nametag Exercise
- Handout II/3 - The Good Life
- Handout II/4 - Personal and Family Financial Goals
- Handout II/5 - The Money Manager
- Handout II/6 - Directions for Setting Up a Short-range Financial Plan
- Handout II/7 - Financial Plan, Short-range
- Handout II/8 - How Much Are You Worth?
- Handout II/9 - Financial Planning Worksheet
- Handout II/10 - The Money Tree
- Handout II/11 - Financial Planning Teaching Ideas

Handout II/12 - Suggestions and Resources for Secondary School Teachers

4. Copies of the Workshop Session Evaluation Form for each participant. (See the Instructor's Manual for a copy of this form that can be reproduced.)

\$

OBJECTIVES OF THIS SESSION

HANDOUT



The participants will gain understanding and competence in teaching high school students to:

1. Describe a standard of living which reflects their individual and family values, goals and priorities.
2. List short- and long-term financial goals which are based on the desired lifestyle.
3. Recognize the importance of income as a determinant of lifestyle throughout the life cycle.
4. Apply the principles of decision making to the process of financial planning.
5. Develop a financial plan based on personal and family values, goals, priorities and income.
6. Identify personal and societal changes which may affect financial planning over the life cycle.
7. Assess the impact of changes such as marriage, divorce, illness, loss of income, birth of a child, on the family's financial well being.
8. Suggest ways to modify a financial plan to meet changing conditions over the life cycle.

YOUR FINANCIAL AWARENESS CHECKLIST

HANDOUT

II/2A

	<u>Yes</u>	<u>No</u>
1. Do you know how your money is spent?	_____	_____
2. Are you satisfied with the way your money is spent?	_____	_____
3. Do you involve other family members, including children, in discussions about money?	_____	_____
4. Have you ever used a financial plan as a management tool when making decisions about money?	_____	_____
5. Do you have enough money for the way you want to live both, now and in the future?	_____	_____
6. Do you believe that, with improved financial planning skills, you would be more likely to reach your personal and family financial goals?	_____	_____
7. Do you have an emergency fund equal to three or more months of regular income?	_____	_____
8. Are you comfortable with the amount of installment debt you currently have?	_____	_____
9. Do you regularly save and invest a portion of your income?	_____	_____
10. Do you have life insurance coverage for the major wage earners in the family?	_____	_____
11. Do you have insurance for health, homeowner's or renter's, and automobile liability?	_____	_____
12. Do you use professional financial advisors when needed, to advise you on issues such as tax laws, estate planning and investments? Or for counseling in times of financial crisis?	_____	_____

EXTENDED NAMETAG EXERCISE

HANDOUT

II/2B

Earlier in this session, financial planning or the lack of it was identified as one of the major causes of family conflict and divorce. Though literature dealing with this topic constantly emphasizes the need to discuss financial matters among household members, to set priorities, and to establish a consensus, it has been found that in many households people are reluctant or unable to communicate, to talk about financial situations. Financial matters often carry with them an emotional overlay.

The motivation for the acquisition and the use of financial resources varies greatly. Research* indicates that in our money economy there are four concepts to which motivation is most commonly attributed:

<i>power:</i>	to control the environment
<i>independence:</i>	to make decisions and determine direction
<i>affiliation:</i>	to help others and to make them happy
<i>achievement:</i>	to accomplish and overcome obstacles through one's efforts

To illustrate the affective impact of financial resources, we will engage in the Extended Nametag Exercise.

OVER

*Morgan, James N. & Greg J. Duncan. *The Economics of Personal Choice*. Ann Arbor: University of Michigan Press, 1980. pp. 221-222.

Directions:**Part I**

Give each participant a copy of the name tag below.

Name	3 financial institutions you use
2 types of insurance you carry	Credit cards you use

Part II

Have participants walk around and look at each other's name tag without talking.

Part III

Then ask the group what caught their eye and discuss:

Were you comfortable with this exercise?

Why do you think some people might feel uncomfortable?

Why is it difficult for some persons in our society to talk about money?

THE GOOD LIFE

What is important to you, and to your family? What is your definition of the good life? Answers to those questions are based on your values. In order to reach the standard of living you desire, it is important to clarify what you really mean by the good life.

Directions:

Listed below are words which describe some of the values which may influence your financial goals, decisions and actions. Think about these values and others you feel are important. Then describe your idea of the good life, a standard of living which reflects your values. Later you will write specific financial goal statements.

MY DESCRIPTION OF THE GOOD LIFE A Standard of Living Which Reflects My Values

WORK	
LEISURE	
HEALTH	
SECURITY	
KNOWLEDGE	
PRESTIGE	
INDEPENDENCE	
SAFETY	
FAMILY	
COMMUNITY	
SATISFACTION	
NEW EXPERIENCE	
SIMPLICITY	
EQUALITY	
PEACE	

PERSONAL AND FAMILY FINANCIAL GOALS

HANDOUT

II/4

Goals are those specific aims which reflect a set of values. In simple terms, goals are what you need or want and are willing to work toward.

Goals are more likely to be achieved if they are clearly identified and a financial plan is developed to attain them.

Directions:

Focusing on "the good life" you described on Handout 3, list those financial goals which will help you attain the desired lifestyle. Be specific. Estimate the cost of each goal, and rank the goals in order of importance, with #1 being the highest priority.

GOALS FOR FUTURE YEARS	COST	PRIORITY
Needs: Wants:		
GOALS FOR THIS YEAR		
Needs: Wants:		
GOALS FOR THIS MONTH		
Needs: Wants:		

REFER TO THESE GOALS AS YOU DEVELOP YOUR FINANCIAL PLAN.
RELATE THIS ACTIVITY TO WHAT YOU WROTE ON HANDOUT 3.

THE MONEY MANAGER

STEP BY STEP TO MONEY MANAGEMENT

Most people feel—no matter what their income—that they need more money to meet their expenses. But experience has shown that in our inflationary economy, more money is not always the answer to obtaining financial stability and security. What is often just as important in determining these goals is how we plan and spend our money.

With this in mind, this planning sheet has been prepared to help provide a guide for spending. The guidelines given will assure you of a money plan to fit your special needs and aspirations. And if you follow each step it will also save you from a complicated job of bookkeeping.

"The Money Manager" won't work miracles and change the basic realities of income and outgo, but it will help show you the way to get the most out of your money.

For a workable plan, four steps are necessary:

1. Add up your total income, including any funds you receive in addition to your earnings.
2. Figure out your total fixed expenses, such as rent or mortgage payments, life insurance premiums or car payments.
3. Provide for a savings fund, adequate to meet emergencies and achieve special goals.
4. Estimate how much you need for day-to-day living expenses.

While these steps are listed in one, two, three, four order, it's likely that you will arrive at your final estimates by considering them as a group—adjusting the amount in each step until you have what you feel is a satisfactory plan.

After going through the four steps and filling out the planning chart, you will have a better idea of where your money is going and how much you have left over to work with.

Before you begin to work out your money plan, it is important to remember that good money management starts long before you begin keeping track of the dollars and cents. Since your money plan is a personal or a family matter, you need to take a good look at your values, at your goals which reflect these values, and at all the resources you have to work with.

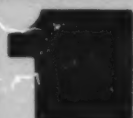
No one can tell you what your lifestyle ought to be. And only you should decide how your income is spent. Effective money management will depend on the way you choose to live and the goals you plan to achieve.

For example, if it's important for you to wear the most recent fashions, you will probably spend more money on clothing than others do. And if this brings great pleasure to you, it might be a mistake to try and cut expenses here. Just spend less money on something else to keep your finances balanced. Others may consider music lessons for their children important, and expensive clothing a luxury they can do without.

Where do you cut expenses to keep the budget balanced? Travel? Entertainment? Clothes? Education? Think about where you are now and where you want to be five or ten years from now. Make a long-term plan that will reflect the goals you and your family have decided are important.

Finally, remember that good money management is more than a mathematical formula. It's too closely tied to the ups and downs of living for that. Your money plan is always subject to change if your life situation changes. The object of a good budget is to make your money help you reach your goals, not to compel you to conform to rigid rules.

Don't be discouraged if this budget doesn't work out right away. You may have to go over it several times until it fits your wants and needs. Then review it from time to time, to be sure it continues to help you use your income effectively.



Step One Income

To start, write down all the cash you expect to receive in the next 12 months. If your income is from wages or salary, include only take-home pay. If it is from your own business, farm or trade, make the best possible estimate.

Add other cash income you expect to receive, such as interest or dividends from bonds and other investments,

veteran's benefits, proceeds from life insurance or Social Security, rents, and money contributed by other family members.

Add up and divide by 52, and you will see what your average weekly income will be for the next 12 months. This is the money that will be available to spend and to save.

(If you prefer a twice-a-month budget, then divide by 24 throughout "The Money Manager," instead of by 52. If you want a monthly budget, divide by 12.)

Estimate of Total Cash Income

Annual Wages or Income	_____
Interest or Dividends from Bonds and Investments	_____
Other Income	_____
_____	_____
 Total Annual Income	 \$ _____ a year
Total Weekly Income (Divide annual income by 52)	\$ _____ a week

Enter this amount on
balance sheet at bottom
of page.



Step Two Fixed Expenses and Obligations

Write down all of your fixed expenses—rent or mortgage payments, life insurance premiums, taxes other than those taken out of your pay, contributions to religious and charitable organizations, installment

payments and so on. Indicate the dates these are due.

Don't try to guess about doubtful future expenses. Put down only the expenses which can be estimated pretty closely in advance. If you know there will be extra expenses incurred during the holiday season or a big winter fuel bill, write them down.

Add up all the items, divide by 52, and you will have the weekly "set-aside" to put into a special fund. Later, when these fixed expenses come due, you can pay for them more easily.

FIXED EXPENSE CHART ON NEXT PAGE

Estimate of Fixed Expenses, Obligations and Regular Savings												TOTAL	
	JAN.	FEB.	MAR.	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	12 MONTHS
HOUSING													
Rent, mortgage payment													
Major fuel bills													
Other													
FINANCIAL PROTECTION													
Life insurance													
Health insurance													
Car insurance													
Household insurance													
Other insurance													
COMMUNITY CONTRIBUTIONS													
Religious													
Donations													
DEBTS AND OBLIGATIONS													
Installments													
Other debts													
TAXES AND LICENSES													
Taxes													
Licenses													
REGULAR SAVINGS													
Long-range goals (e.g. college costs)													
Short-range goals (e.g. vacation)													
OTHER MAJOR ITEMS													

Total for the year \$ _____

Weekly set aside (divide by 52) \$ _____

Enter on Balance Sheet Below

3

Step Three Emergency Funds

One of the most important steps, if your money plan is to work smoothly, is to provide for emergencies.

There is more than one kind of savings. Regular savings (see Step 2) are for long-range projects like family security, further education, a new house or car.

Then there are savings for emergencies which should be part of your plan. It's money put aside every week to help meet unexpected expenses.

Just how much of your savings will account for your emergency fund will have to be decided by you when you calculate your own special needs.

After you reach the goal you have established as an emergency fund, do not touch that amount except for those unexpected problems.

**Estimate of
Emergency
Fund**

Amount to be put into emergency fund each week \$ _____

*Enter on Balance Sheet
below*

This fund will be allowed to accumulate until it reaches \$ _____.

Pay in just enough to keep it at that level.

4 Step Four Weekly Living Expenses

Unless you have kept some records over a period of time, you won't be able to tell exactly how much it costs your family to live. But with thoughtful care, you probably can make some estimates.

How to divide your living expenses into different

classifications is up to you. The chart lists some of the major ones. There are extra lines to use if you want to divide things another way or add other items.

Now you are ready to add all your estimates and find your total expenditure. When you subtract it from your total income, have you anything left? If so, this amount may be placed in your savings account or used for other investments for the future.

There isn't anything final in these estimates. After a month or two, you may want to come back and rework everything, according to what you have learned by using "The Money Manager."

Estimate of Weekly Living Expenses

	How much a week?		How much a week?
FOOD AND BEVERAGES		PERSONAL ALLOWANCES	
At home	_____	(magazines, books, records, movies,	
Away from home	_____	gifts, snacks, incidentals)	
		Name	_____
HOUSEHOLD COSTS		_____	_____
Operations (e.g. utilities)	_____	_____	_____
Maintenance (e.g. upkeep)	_____	_____	_____
Laundry, dry cleaning	_____	_____	_____
_____	_____	_____	_____
		TOTAL (Enter here) \$	_____
TRANSPORTATION		OTHER WEEKLY EXPENSES	
Trains, buses	_____	_____	_____
Private car	_____	_____	_____
Operation	_____	_____	_____
Maintenance	_____	_____	_____
RECREATION, ENTERTAINMENT	_____	_____	_____
CLOTHING	_____	TOTAL (Enter here) \$	_____
ROUTINE MEDICAL, DENTAL	_____	TOTAL ESTIMATE OF ALL	
TOTAL (Enter here) \$	_____	WEEKLY LIVING EXPENSES \$	_____
		Enter on Balance Sheet below	

Balance Sheet

STEP ONE	Weekly income	\$	_____
STEP TWO	Weekly set aside for fixed expenses		_____
STEP THREE	Weekly contributions to emergency fund		_____
STEP FOUR	Weekly living expenses		_____
	TOTAL OF STEPS 2, 3, 4	\$	_____
	Subtract total expenditures from income. If there is money left over, this amount can be added to your savings for a special goal.	\$	_____

DIRECTIONS FOR SETTING UP A SHORT- RANGE FINANCIAL PLAN A SIX STEP PROCESS

HANDOUT

II/6

The key to workable money management is planning. And it's important to do your planning on two levels:

1. A plan for day-to-day, week-to-week, or month-to-month spending.
2. A plan for accumulating financial resources for emergencies and long-range financial security.

Setting up a plan isn't the end. In a way, it's the beginning. You'll have to stick to it, evaluate it as you go along and—if necessary—revise it.

To develop a spending plan to meet your needs, use Handout 7, Financial Plan—Short Range and follow the next six steps.

STEP 1

First, add up your total income. If you're going to use your money wisely, you have to know just how much you have to work with. Your money sources may come from a job, life insurance benefits, pension payments, social security or investments. Write down exactly what you will receive annually from every source.

When figuring money from work, be sure to put down only the amount of your take-home pay—not your gross salary. As you know, there's quite a difference after federal and state withholding taxes, social security taxes, group insurance premiums and union dues have been deducted.

Although some of your decisions may be going into savings or insurance—group life or health insurance or a retirement annuity, for example—don't include them in your money plan. You're working out a plan for the dollars you have for spending.

Don't forget to add other sources of income: interest from savings accounts, income from investments, policy dividends on your life insurance or a Christmas bonus, if you're sure you'll be getting one.

And if your family has more than one wage earner, include all take-home pay in adding up the total income.

STEP 2

Now figure your total fixed expenses. How much do you need for rent or mortgage payments, insurance premiums, car payments, church or other contributions, telephone and utility bills? Write these figures down. Include an estimate for income tax, too, if it is not withheld.

Don't guess. You need fairly exact amounts for best results. Gather up your receipts and look through your cancelled checks and try to see exactly where your money went last year.

You'll notice that some of your fixed expenses come due annually and others monthly or weekly. Your best bet is to figure everything out on an annual basis. Then, by adding them all together, you can see how many dollars to set aside regularly to be sure you have the money on hand when payments come due.

It's up to you—and maybe the timing of your paycheck—to select which time period is best for you: weekly, biweekly or monthly. Depending on which you choose, you can divide the annual total by 52, 26 or 12. This will tell you the amount you have to set aside regularly. This "set aside" principle is a key factor in making your money plan work.

DIRECTIONS FOR SETTING UP A SHORT- RANGE FINANCIAL PLAN, A SIX STEP PROCESS

II/6 continued

STEP 3

Next, determine your day-to-day living expenses. This includes food, clothing, transportation, entertainment, routine medical and dental care, household expenses and personal allowances for each member of your family.

If you can't pin down your actual costs, you may have to estimate them at first. Then, if necessary, you may want to keep a record of expenses for three months or so to get a clearer picture of what you actually are spending for day-to-day living.

STEP 4

You'll need a savings fund for emergencies and special goals. It will help carry you over a financial crisis if your car or refrigerator breaks down unexpectedly or some great opportunity comes along. It will also keep you from dipping into the dollars you've set aside for daily living, or taking out a loan or selling investments to cover these emergencies.

Start your savings fund by setting aside a fixed amount regularly—no matter how small—until you've reached the total you need for your emergency fund. As a guide, you might decide to keep a certain percentage of your income or expenses in this fund.

STEP 5

If there's any money left over, see how you might use it to increase your assets. To determine this, add together your fixed and day-to-day items and your emergency fund amount, then subtract the total from the income you've worked out in Step 1. The remaining dollars can be put toward additional savings or investments.

STEP 6

If there isn't any money left over, go over your spending plan again. Can you reduce some of your day-to-day items? Take a really close look at your "fixed" costs. You may be surprised to discover that you can economize on some of them, too.

Don't be discouraged if your plan doesn't balance exactly right the first time. And even when you've developed a working plan, review it from time to time to make sure it's in line with your current income and expenses.

Remember, a spending plan should be a helpful guide, not a rigid, inflexible rule. You can always adjust it or even start over if the plan is not working to suit you. And keep in mind that you don't always have to spend the same amount in each area, except where an expense cannot be reduced. For example, you may decide to cut down on entertainment for a time to save for a special vacation.

Now your money management plan is all set up. But to keep it working smoothly, you should consider the various consumer tools available to you.

FINANCIAL PLAN— SHORT RANGE

HANDOUT

II/7

INCOME

Annual take-home pay (gross salary minus taxes, group pension, group life insurance and group health insurance contributions and other deductions)

_____ \$ _____

Other income (interest, dividends, etc.) _____

Total annual income _____ \$ _____

Weekly, biweekly or monthly income (annual income divided by 52, 26 or 12) _____ \$ _____

FIXED EXPENSES

(Figure first on an annual basis)

Rent or mortgage _____ \$ _____

Other housing expenses (utilities, heat, telephone, etc.) _____

Life insurance premiums _____

Health insurance premiums _____

Other insurance premiums _____

Religious and community contributions _____

Additional income taxes (not already withheld) _____

Property and local taxes _____

Loan or installment payments _____

Other _____

Annual total of fixed expenses _____ \$ _____

Amount to set aside weekly, biweekly, or monthly _____ \$ _____

EMERGENCY FUND

Emergency fund goal is _____ \$ _____

Amount to be put into fund weekly, biweekly or monthly _____ \$ _____

FINANCIAL PLAN-SHORT RANGE

II/7 continued

LIVING EXPENSES

(Weekly, biweekly or monthly estimates)

Food _____ \$ _____

Clothing _____ \$ _____

Household expenses (maintenance, laundry, cleaning, etc.) _____

Transportation _____

Entertainment and recreation _____

Regular medical and dental expenses _____

Personal care items and allowances _____

Other _____

Total living expenses _____ \$ _____

SUMMARY

Total weekly, biweekly or monthly income _____ \$ _____

Total weekly, biweekly or monthly outgo (Total "set aside" for fixed expenses, plus amount for emergency fund, plus total living expenses)

_____ \$ _____

For regular savings, investments or special goal
(subtract outgo from income to get balance)

_____ \$ _____

HOW MUCH ARE YOU WORTH?

HANDOUT

II/8

Directions for completing your financial picture, your net worth statement.

- Step 1.** Write down the figures for all the items listed under assets. Note that some of these funds convert into cash easily. The amount is your cushion against emergencies or other unexpected expenditures.
- Figure the market value for all your possessions such as your home, car, TV. It will take time to convert some of these assets into money. Always calculate at the market value, the price you would get right now if you wanted to sell.
- Step 2.** Add up all your liabilities.
- Step 3.** Write down all you owe, both current short-term, intermediate and long-term debts, such as the balance you owe on your revolving charge accounts and your car.
- Step 4.** Add up all your liabilities.
- Step 5.** Subtract your total liabilities from your total assets. This gives you your net worth.

BALANCE SHEET—YOUR NET WORTH STATEMENT

ASSETS

Checking account _____ \$ _____

Savings account _____

U.S. Government Bonds _____

Life insurance cash values _____

Investments _____

House _____

Other real estate _____

Annuities _____

Company or union pension _____

Interest in business _____

Automobile _____

Personal property _____

Other _____

Total \$

HOW MUCH ARE YOU WORTH?

II/8 continued

LIABILITIES

Installment loans _____

Other loans _____

Charge accounts _____

Mortgage _____

Other debts _____

Total \$

Total Assets _____ \$ _____

Total Liabilities _____ \$ _____

Total Net Worth _____ \$ _____

(Subtract total liabilities from total assets to get net worth)

FINANCIAL PLANNING WORKSHEET

(Long-range planning, life cycle projections)

HANDOUT

11/9

Directions:

Throughout the life cycle your financial resources and needs will change. Planning will help you to obtain the most from your financial resources. This worksheet is designed to help you to begin to think about where you are in the life cycle, your financial responsibilities and your future needs.

1. List some of your financial responsibilities _____

2. Identify your financial resources _____

3. Based on your answers above, think about the components in the following chart:

	OPERATIONS (Regular living expenses)	SAVINGS OR RESERVES (To cover irregular but predictable expenses)	FUTURE CAPITAL (For major expenditures)
ANALYSIS OF CURRENT NEEDS (In Each of These Areas)			
OBTAINING RESOURCES (Strategies for Maximizing income)			
PROTECTING RESOURCES (Plans to Minimize Risk to Resources)			
USING RESOURCES (To Meet These Needs)			

FINANCIAL PLANNING WORKSHEET

II/9 continued

4. List some changes you think you will have in your life in the next five years _____

5. Identify ways these changes will impact on your financial plan _____

6. Review the chart you have just completed and answer the following about your future needs:

*What are your plans for obtaining the financial resources you will need? _____

*How will you protect your financial resources? _____

*Do you have a strategy for using your financial resources? _____

7. What else should you consider? _____

THE MONEY TREE, 2ND EDITION

HANDOUT

II/10

The Money Tree is a classic film for use in financial planning education. The film describes financial problems faced by a young married couple—the solutions are left to the viewer.

Directions:

After viewing the film, express your views on the following:

1. Describe the impact of the various changes in Jim and Jenny's household situations on their financial well-being. Among the changes were increased spending, increased borrowing, loss of income, and divorce.
2. Jim commented, "Ken and Vicky, they always have everything. So Jenny and I figured, why shouldn't we?"
Jim's attitude was a reflection of their values and goals. Is having nice things an appropriate goal? Discuss.
Was having nice things a realistic short-term goal for Jim and Jenny? What was the opportunity cost of having nice things in terms of Jim and Jenny's family financial well-being?
3. When Jenny complained they had loan payments to make on top of bills, Jim said, "Hey, you think it was my fault or something. Did I run up all the bills?"
Suggest ways that Jenny and Jim could have modified their lifestyle and their financial plan to meet changing household conditions.
4. List potential sources of assistance, both public and private, which Jenny and Jim could have used if they lived in your community.

FINANCIAL PLANNING TEACHING IDEAS

HANDOUT

II/11

Directions:

Develop an idea for teaching financial planning at the secondary level. The idea should relate to information provided in this workshop session.

Title of idea or topic _____

Estimated teaching time _____

Learning objective(s) _____

Content, concepts, generalizations, etc.

Teaching methods, activities, worksheets

Suggested resource materials

Your name _____ Date _____

LIFE STAGE — 13-17 YEARS

Unique Financial Tasks	
Common Financial Errors	
Desirable Outcomes	
Ideas for Teaching	

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

HANDOUT

II/12

This section contains references and other sources of information about development of a personal and family financial plan that will be useful in providing background information on the topic. In addition, you will find a number of suggestions for classroom activities appropriate for use with high school students.

Let's Talk About Money, American Council of Life Insurance. A 24-page basic money management guide to help consumers plan their financial future. Includes charts and worksheets for individual and family planning. Single copies free. Additional copies 20¢ each.

Marriage and Money, American Council of Life Insurance. A 15-minute sound and filmstrip presentation available in either record or cassette version. It portrays a young couple who face major financial decisions. It shows how they learn to differentiate between necessary and luxury purchases, set up a workable budget, decide whether to purchase a business, and prepare for the birth and expense of a child. This filmstrip focuses on the process of understanding values, setting goals, and defining financial priorities. Purchase price, \$10.00. Specify record or tape cassette.

The Money Manager, American Council of Life Insurance. A desk-sized workchart containing guidelines for preparing a complete and workable personal or family budget. Includes a 12-month budget worksheet and illustrates step-by-step the budget making process. Free in quantities up to 100. Also available in Spanish ("El Asistente Financiero").

Amling, Frederick & William Droms, *Personal Financial Management*, Homewood: Richard D. Irwin, Inc. Homewood, IL 60430, 1982. This is a college level text with tax information regarding the 1981 Economic Recovery Act in the appendix.

Deacon, Ruth E., and Francille M. Firebaugh, *Family Resource Management, Principles and Application*, Boston: Allyn and Bacon, 1981, Chapter 5, "Values and Demands as Input," Chapter 6, "Resources as Input," Chapter 9, "Decision Making," and Chapter 12, "Financial Management."

Feldman, Frances Lomas, *The Family in Today's Money World*, 2nd Edition. New York: Family Service Association, 44 E. 23rd St., New York, NY 10010, 1976.

Goldberg, Herb and Robert Lewis, *Money Madness: The Psychology of Saving, Spending, Loving and Hating Money*. New York: Morrow, 1978.

Household Finance Corporation, *Reaching Your Financial Goals*, Prospect Heights, Illinois: Household Finance Corporation, 2700 Sanders Road, Prospect Hts., Illinois 60070. Cost: 50 cents. Student and Teacher Use.

Kurtman, Dana G. Editor, *Developing Decision-Making Skills*, Arlington, Virginia: National Council for the Social Studies, 3615 Wisconsin Ave., N.W., Washington, DC 20016, 1977.

National Consumer Finance Association, *Finance Facts Yearbook*. Gives yearly figures on how Americans allocate their income. Available from National Consumer Finance Association, 1000 Sixteenth Street, N.W., Washington, D.C. 20036. Cost \$5.00. Published annually. 1981 Yearbook available in May, 1982. Teacher reference.

Simon, S.B., et al., *Values Clarification: A Handbook of Practical Strategies for Teachers and Students*, New York: A&W Publishers, 95 Madison Ave., New York, NY 10016, 1972.

Troelstrup, Arch W. and E. Carl Hall, *The Consumer in American Society, Personal and Family Finance*, New York: McGraw-Hill, 1978, Chapter 4, "Financial Planning."

Van Caspel, Veneta, *Money Dynamics for the 1980s*, Reston: Reston Publishing Company, Inc., Reston, VA 22090, Chapter 1, "To Win the Money Game."

U.S. Department of Labor, *Handbook of Labor Statistics, Reference Edition*, available at federal documents section of public or university libraries. Published annually. Teacher Reference.

CLASSROOM ACTIVITIES IN FINANCIAL PLANNING

Activities

Communicating Attitudes About Money and Financial Planning (2 Activities)

Overview

Financial problems are one of the major causes of family dissolution. Often the problems are caused by lack of communication—an inability of family members to share ideas, expectations and plans for obtaining, protecting and using financial resources. This activity allows students to begin to express their feelings about this very important part of their lives.

Activity One

Type of activity: Small group—discussion
Length of time—30 minutes

Performance Indicator

The student will develop an awareness of his/her own attitudes towards the use of financial resources as well as an increased consciousness of the diversity of attitudes and practices of others.

Procedure

1. Divide class into groups of 4 - 6 members.
 2. Ask members of the group to describe their feelings about the place of money in their lives—its importance, its use, what bothers them.
 3. An interchange should occur which will allow the members to express their concerns.
 4. Reassemble the class and ask each group to share a summary of the discussion. Help students to see the diversity of attitudes regarding money.
-

Activity Two

Type of activity: Triad or small group—discussion
Length of time—45 minutes

Performance Indicator

The student will develop communication skills and an awareness of the variety of attitudes and ideas related to money through listening to group members and paraphrasing statements to speaker's satisfaction.

Procedure

1. Divide class into triads or groups of 4 - 6, the smaller the group, the less time needed.
2. Ask the students to discuss a topic of personal concern related to the use of money and planning.
3. Before they can respond to the others' comments, each must jot down the speaker's ideas in the listener's own words. If the speaker does not find the paraphrase acceptable, the listener must try again. This procedure slows discussion, but fosters understanding and listening.

Activity

Overview

Exploring Personal Finance-Related Attitudes

Student's attitudes about money have been shaped by many factors. Before they can begin to see themselves in the planning role, students should analyze or uncover their attitudes and develop an understanding of the influence that such attitudes have on their current fiscal practices. This activity allows students to compare their attitudes with those of a national sample.

Type of Activity

Individual and group
Length of time 45 minutes

Materials

For Students: Worksheet "Your Chance. . .What are Your Finance-Related Attitudes?" (see next page)

Performance Indicator

Students will complete the worksheet, "Your Chance. . ." and identify individual finance-related attitudes and compare their responses to a national sample.

Procedures

1. Discuss the impact money has on the social and economic attitudes of students.
2. Distribute copies of the worksheet to students and complete. Tally the class responses and compare to results in National Survey.
3. Discuss the possible reasons for similarities and differences in responses.
4. Divide class into small groups. Ask students to select one or two responses and discuss how those two responses might affect wants and goals.
5. Ask each group to share their discussion results and have class comment.
6. Discuss the financial consequences and implications for planning of the information derived from the student worksheet "Your Chance. . .".

SUGGESTIONS AND RESOURCES FOR SECONDARY TEACHERS

II/12 continued

For Student Use

Your Chance . . . What Are Your Finance-Related Attitudes?

Directions:

Below are several questions from the Youth '78 Survey, a national questionnaire which records the attitudes of people 18-25 years of age. Read each statement and check your response in the appropriate blank.

	Probable Response 10 Years From Now		
	Agree	Disagree	
1. I would most like to adopt the kind of life this society has typically offered—a good job, a nice family, living in a pleasant neighborhood, and becoming part of the community.	☐	☐	_____
2. Although many marriages are less than perfect, I believe most people should get married.	☐	☐	_____
3. Hard work almost always pays off.	☐	☐	_____
4. Having life and health insurance makes people feel a lot more personally secure.	☐	☐	_____
5. I am confident about my own ability to control my own destiny.	☐	☐	_____
6. Each individual should be responsible for his own financial well-being.	☐	☐	_____
7. I am good at managing my money.	☐	☐	_____
8. It is very important for a person to develop a regular pattern of savings and stick to it.	☐	☐	_____
9. I plan my spending by the day or week.	☐	☐	_____
10. I plan my spending by the month.	☐	☐	_____
11. I plan my spending by the year and beyond.	☐	☐	_____

	Probable Response 10 Years From Now		
	Agree	Disagree	
12. Money problems may keep me from completing my education.	☐	☐	_____
13. Life insurance is a great thing; everybody should have it.	☐	☐	_____
14. I am presently covered by a life insurance policy through my job or one that was purchased.	☐	☐	_____
15. I am confident about my own future and confident about the future of the country.	☐	☐	_____
16. I have a great deal of control over maintaining my own health.	☐	☐	_____
17. I take good care of my own health.	☐	☐	_____

CLASSROOM ACTIVITIES IN FINANCIAL PLANNING

Activities

Planning the Use of Financial Resources; A Look at Present, Future and Past
(3 activities)

Overview

Resources available to individuals and households vary considerably, yet success in developing a rewarding lifestyle and financial plan is often dependent upon recognizing and utilizing existent resources. This activity is designed to help students begin to identify the variety of elements which enhance financial planning. While introducing the concepts of obtaining, protecting and using resources, students are also asked to think about living costs—regular fixed expenses (e.g. lunches, carfare) irregular but predictable expenses (e.g. entertainment, books, club memberships) and major infrequent expenditures (e.g. college tuition, purchasing a house, serious illness).

Type of Activities

Individual and Group
Length of time—45-90 minutes for each activity

Materials

For Students: "Financial Planning Worksheet" (see Handout 9)

Activity One Performance Indicator Procedure

The Present

The students will begin the process of planning. They will begin to identify ways in which individuals and families can choose among alternatives through the accurate perception of values, goals and resources.

1. Distribute the worksheet and discuss the headings. Be sure that students understand the meanings of the terms. The worksheet should serve as a model and does not have to be filled in.
 2. Ask students to list their expenses—fixed, irregular, expected and major expenditures. Discuss the categories and identify the commonalities and differences. These can be stressed so that different values, goals and lifestyles become apparent.
 3. Ask students to identify the sources of their financial resources (obtaining). These can range from part-time jobs, skills or hobbies to welfare payments. Encourage students to think beyond the obvious and include abilities or resources which can generate income although they may not be normally recognized as such. Do the same for protecting (one student indicated that obeying parents' rules is one form of protecting resources) and using.
 4. Ask students to go back in time five years and to go through steps 1-3. The process is the same but the responses will be different.
 5. Ask students to project themselves five years into the future. Repeat the process. Again, varied values, goals and lifestyles will become apparent as will the kinds of resources which will be available.
-

Activity Two

Performance Indicator

The Future

The students will utilize the knowledge and perceptions they have about current society and technology and project that information on the future to plan for their own vision of the "good life."

(Preparation: Read some "future" literature and demographic data which suggest what life might be like in the 21st century.)

Procedure

1. Ask students to project themselves into the 21st century and develop lists of living conditions, personal possessions and personal activities which would exemplify their idea of a "good life."
2. Using the worksheet, ask students to allocate expenditures and identify the ways they would expect to obtain, protect and use their resources to achieve this style.

Activity Three

Performance Indicator

The Past

The students will utilize the knowledge and perceptions they have about American life in the early 20th century to select a lifestyle appropriate to that period and develop a financial plan for it.

(Preparation: Read accounts of everyday life in America during the first two decades of the 20th century.)

Procedure

1. Ask students to project themselves back in time and think about what everyday life was like. Develop lists of living conditions, personal possessions and personal activities which would exemplify their idea of a "good life."
2. Using the worksheet, ask students to allocate expenditures and identify the ways they would expect to obtain, protect and use their resources to achieve this style.

SESSION III

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

OBTAINING FINANCIAL RESOURCES¹

(1½ hours)

Introduction

This session, like others in this workshop, approaches an aspect of financial planning from the perspective of the individual and/or the family. Keeping with the focus of this workshop, it is future-oriented.

After an individual or family makes an analysis of values, goals, and priorities, some general understanding of financial need is achieved. Consideration can then be given to the task of obtaining financial resources sufficient to satisfy those needs.

Obtaining financial resources has been called the "keystone of all financial planning." It involves developing both the present and the anticipated income base that underlies a personal or family financial plan. For most people, basic income is determined by the kind of work they do. Occupation or vocation also strongly influences the scope and availability of the total array of financial resources which can be used to satisfy personal or family needs. Thus, finding and maintaining employment is a central factor in obtaining financial resources.

Wages gained in exchange for this use of "human capital," however, are not the only source of financial resources. Employee benefits, wise use of existing assets, credit, plus resources provided by other people and organizations and by government are also elements of the income base.

Size of the income base required is determined, in large measure, by personal or family needs—day-to-day expenses of maintaining the household, irregular expenses such as a yearly insurance payment, and long-range needs such as the future cost of a college education for a youngster. To satisfy identified needs, an individual or family will call upon a combination of financial resources. Both primary sources (e.g., salary, investment income, etc.) and secondary sources (e.g., savings, insurance payments, etc.) can be used.

At various stages in the life cycle of an individual or family, financial needs will change. In like manner, the combination of resources used to satisfy needs will also change. Therefore, it is important to anticipate these changes through careful planning. At any stage, the ultimate goal is to maximize availability of resources by calling upon the most appropriate combination of financial sources.

A future-oriented financial plan is needed to assist an individual or family in determining appropriate sources of finances at any given stage in the life cycle. If a resource is misused or exhausted at one stage, it won't be available for use at a later stage when need may be greater. For example, credit can provide resources, but the misuse of credit early in life will limit it as a viable source of resources later. Other resources could be available if efforts are made to initiate their development now.

In sum, obtaining financial resources to meet present financial need can best be achieved through drawing upon a combination of sources, while always being mindful of both needs and resources that can be anticipated in the future.

Competencies and Basic Generalizations

This session on obtaining financial resources provides experiences leading to the attainment of a single financial planning competency. Remember, this is a terminal goal which may not be achieved in the limited time devoted to this workshop. It is:

Provide an income base that draws upon a wide range of financial resources that can be anticipated to change throughout the life span.

¹Since this is a 1½ hour session, it could be extended by using some activities from Session VII, thereby providing an earlier opportunity to consider the task of infusing PFFP into the school curriculum

OBTAINING FINANCIAL RESOURCES

A number of basic generalizations about financial planning are relevant to this competency. They are:

1. Values, goals, and priorities of individuals and families change over time.
2. Individuals and families use a combination of primary (salary, investment income, etc.) and secondary (savings, insurance payments, etc.) resources in providing for their needs.
3. This combination of resources will change with each stage of the life cycle and will be different for different individuals and families.
4. In most cases, the nature of one's work provides the basic income for meeting needs and it strongly influences the scope and availability of financial resources.
5. Satisfaction derived from work that produces financial resources is directly related to the extent to which the work or the use of resources it provides fulfill individual or family values and goals.
6. One function of financial planning is to maximize options for obtaining financial resources in ways that enhance personal and family life.
7. Planning financial resources in an earlier stage can increase the number and strength of these resources at a later stage in the life span.
8. Investing in knowledge and education is a basic means for goal accomplishment which pays tangible and intangible dividends throughout life.

Objectives

This session will help the participants gain understanding and competence in teaching high school students:

1. Awareness of a broad range of sources for obtaining financial resources.
2. Understanding of how these sources will vary in availability and importance during various stages of the life span.
3. Appreciation of the importance of planning as a means of maximizing financial resources throughout the life span.
4. Understanding of the relationship of education and training to success in obtaining financial resources throughout the life span.
5. Skill in analyzing data relevant to the task of obtaining financial resources.

Content Outline

To assist you in better understanding the task of obtaining financial resources, the following outline of content is provided.

There are many sources from which financial resources can be obtained:

1. Your own human capital
 - employment (salary, employee benefits, pensions)
 - special skills gained through education, training, or experience
 - hobbies and other avocational interests that produce income
2. Other financial resources in your possession
 - interest from savings
 - dividends from investments
 - benefits from insurance (life, disability, unemployment, annuities)
3. Other people and/or organizations
 - gifts, allowances, inheritances
 - scholarships, grants, awards, prizes, loans
 - credit, borrowing, bartering

OBTAINING FINANCIAL RESOURCES

4. Governmental sources

- Social Security payments
- welfare and aid to dependent children

Employment is a central element in the way most people obtain financial resources. The job market is continually changing and even greater change is expected in the future:

- fewer people are employed in agriculture or factories than in the past
- more than half the jobs held now will not exist by the year 2000
- computerization, automation, and information processing are growing fields

There is a high positive relationship between educational attainment and the kind of employment an individual can get:

- college graduates have high levels of earning and they also have high levels of job dissatisfaction
- many young people have unrealistic expectations about work
- workers today seem to want something beyond mere survival since they seek work that is meaningful to them
- skills that can be utilized in many occupations will aid an individual in finding and maintaining employment

In addition to salary, employee benefits are an important source of financial resources:

- Social Security (FICA) provides retirement income, disability income, and benefits for survivors of workers who die
- company pensions provide income in addition to Social Security
- life insurance that is provided by some employers provides benefits
- health insurance helps minimize financial strain resulting from medical expenses
- there are a variety of other employee benefits including annual and sick leave, paid vacations, profit sharing, transportation, food services, recreation facilities, credit unions, training and staff development programs, tuition assistance, career development and counseling services, employee discounts, buying services, etc.

At a later date the individual will be dependent on other resources (IRA's, saving, pensions, investments, etc.), but if these are to be available, planning for them must begin now.

\$

SCHEDULE OF ACTIVITIES

Approx. Time ¹	Activity	Materials
5 minutes	Introduce the topic by asking participants to name the ways that individuals or families obtain financial resources. List them on a chalkboard or large sheet of paper.	Chalkboard or large sheet of paper on a stand
10 minutes	Tell participants the objectives for this session. Pass out Handout 1 and let them read the objectives. Go over the list of ways to obtain financial resources on Handout 1 and ask them to point out ways on this list that were not mentioned by the group. Also, add to the list other ways mentioned by the group.	Handout 1 "Objectives of this Session" and "Ways of Obtaining Financial Resources"
20 minutes	Discuss the various sources of financial resources. Ask participants to provide useful definitions and examples to illustrate understanding of how these sources operate. Clear up misunderstandings or provide accurate definitions if needed. Ask: • What is the difference between savings and investments? Interest and dividends? • What variety of employee benefits are there available? • What are the four basic types of insurance? How does insurance differ from annuities? • How is credit a source of financial resources?	Continue to use Handout 1
20 minutes	Conduct the "Changing Needs/Changing Resources" exercise. Have participants identify 3 or 4 primary and 3 or 4 secondary financial resources from those listed on Handout 1. Ask them to fill out Handout 2 by creating differing needs and a different combination of financial resources to meet those needs for each of the three life stages given. Discuss the combination of resources suggested by various participants and ask the group to comment on how well the resources appear to meet the needs stated for each stage.	Continue to use Handout 1 Handout 2 "Changing Needs/Changing Resources"
15 minutes	Pass out Handout 3 and Handout 4.² Ask participants to use these graphs to identify general categories of jobs (e.g., white-collar, clerical) as well as specific jobs (e.g., computer expert, technical fields) that have the greatest potential for providing financial resources to workers in the future. Discuss the educational requirements for both high potential and low potential jobs.	Handout 3 "Occupational Projections—Chart 2" Handout 4 "Occupational Projections—Chart 3"

¹Time allocations suggested here are only approximations. Workshop leaders should make adjustments when appropriate.

²To update these data, consult recent publications of the U.S. Department of Labor.

SCHEDULE OF ACTIVITIES

Approx. Time	Activity	Materials
20 minutes	Ask participants to name skills and talents gained from their educational and training experiences that they could use to obtain financial resources if their main source of salary abruptly ended. Use the chalkboard or a large sheet of paper.	Chalkboard or large sheet of paper on a stand
	Discuss the contributions such secondary skills and talents can make in obtaining resources.	
	Ask participants to suggest elements that make for job satisfaction, including both monetary and non-monetary elements, both intrinsic and extrinsic satisfaction.	
	Discuss the relationship of job satisfaction to satisfaction of personal and family needs by resources provided by employment.	
	Pass out Handout 5.	Handout 5 "Financial Planning Teaching Ideas"
	Indicate that this handout should be filled out and brought to Session VII where it will be used.	
	Pass out Handbook 6 and explain it contains ideas that will assist these participants in teaching this topic to their own students.	Handout 6 "Suggestions and Resources for Secondary School Teachers"
	Ask: How can this material be taught to high school students?	
	Head a discussion on teaching strategies and useful classroom activities that will integrate PFFP concepts with the curriculum.	
	Ask participants to complete Workshop Session Evaluation Forms and to leave them at some given location in the room.	Session Evaluation Form
	Leave the room before participants begin to complete evaluation form.	

Preparing for this Session

Here is a checklist of materials and teaching aids that you will need to conduct this session.

1. Chalkboard or pad of large sheets of paper on a stand
2. Chalk or magic marker
3. Copies of the following handouts for each participant
 - Handout III/1 - Objectives of the Session
Ways of Obtaining Financial Resources
 - Handout III/2 - Changing Needs/Changing Resources
 - Handout III/3 - Occupational Projections — Chart 2
 - Handout III/4 - Occupational Projections — Chart 3
 - Handout III/5 - Financial Planning Teaching Ideas
 - Handout III/6 - Suggestions and Resources for Secondary School Teachers
4. Copies of the Workshop Session Evaluation Form for each participant. (See the Instructor's Manual for a copy of this form that can be reproduced.)

\$

OBJECTIVES OF THIS SESSION

HANDOUT



The participants will gain understanding and competence in teaching high school students:

1. Awareness of a broad range of sources for obtaining financial resources.
2. Understanding of how these sources will vary in availability and importance during various stages of the life span.
3. Appreciation of the importance of planning as a means of maximizing financial resources throughout the life span.
4. Understanding of the relationship of education and training to success in obtaining financial resources throughout the life span.
5. Skill in analyzing data relevant to the task of obtaining financial resources.

WAYS OF OBTAINING FINANCIAL RESOURCES

When you made a list of the ways people obtain financial resources, did you include all of those listed below? If not, point out those you did not include in your list. Add others that are not on this list.

1. Wages and salaries
2. Employee benefits
3. Allowances from parents/guardians
4. Scholarships and grants
5. Awards and prizes
6. Loans
7. Life insurance benefits
8. Annuities
9. Interest from savings bonds
10. Dividends from investments
11. Inheritance and gifts
12. Social security payments
13. Unemployment insurance
14. Disability insurance
15. Aid to dependent children
16. Public assistance/welfare
17. Bartering
18. Borrowing
19. Credit
20. _____

CHANGING NEEDS/ CHANGING RESOURCES

HANDOUT

III/2

At each stage in life the needs of individuals and families change and the resources they can call upon to satisfy those needs also vary.

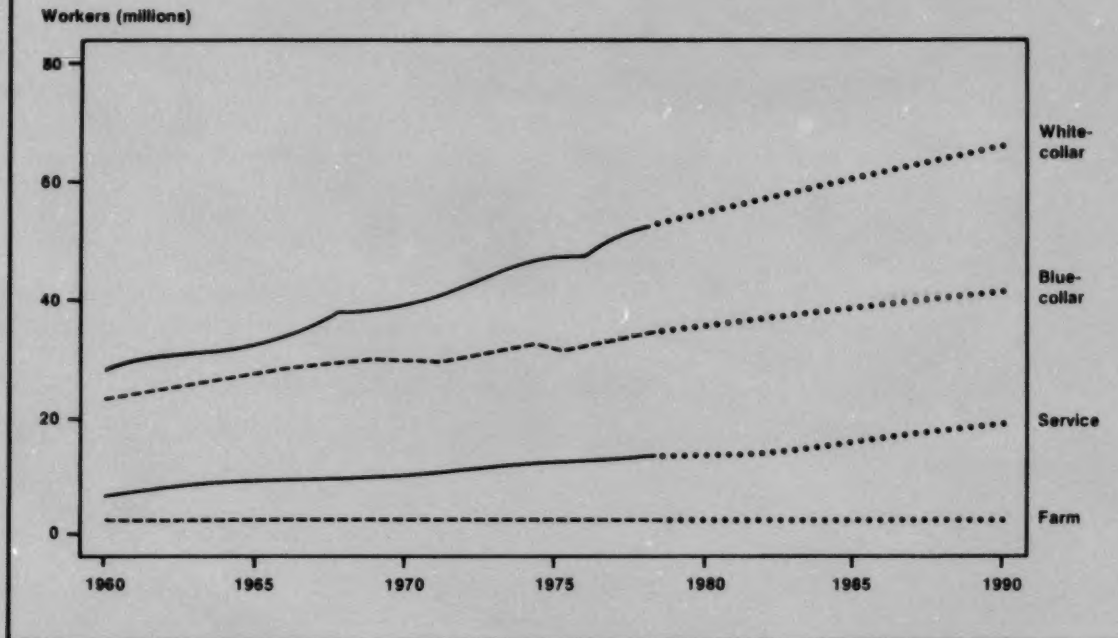
For each stage indicated below, use your imagination to suggest a set of financial needs appropriate to that stage of life.

Then suggest a combination of resources that would most likely be available to help meet those needs at each stage.

Life Stage	Needs	Resources
Single male, mid-20's, recent college graduate in first full-time job		
Same man, now married, age 46, with 2 children age 12 and 18, wife not employed		
Same couple, man age 71, wife age 66, sharing their home with divorced daughter and two small children.		

CHART 2

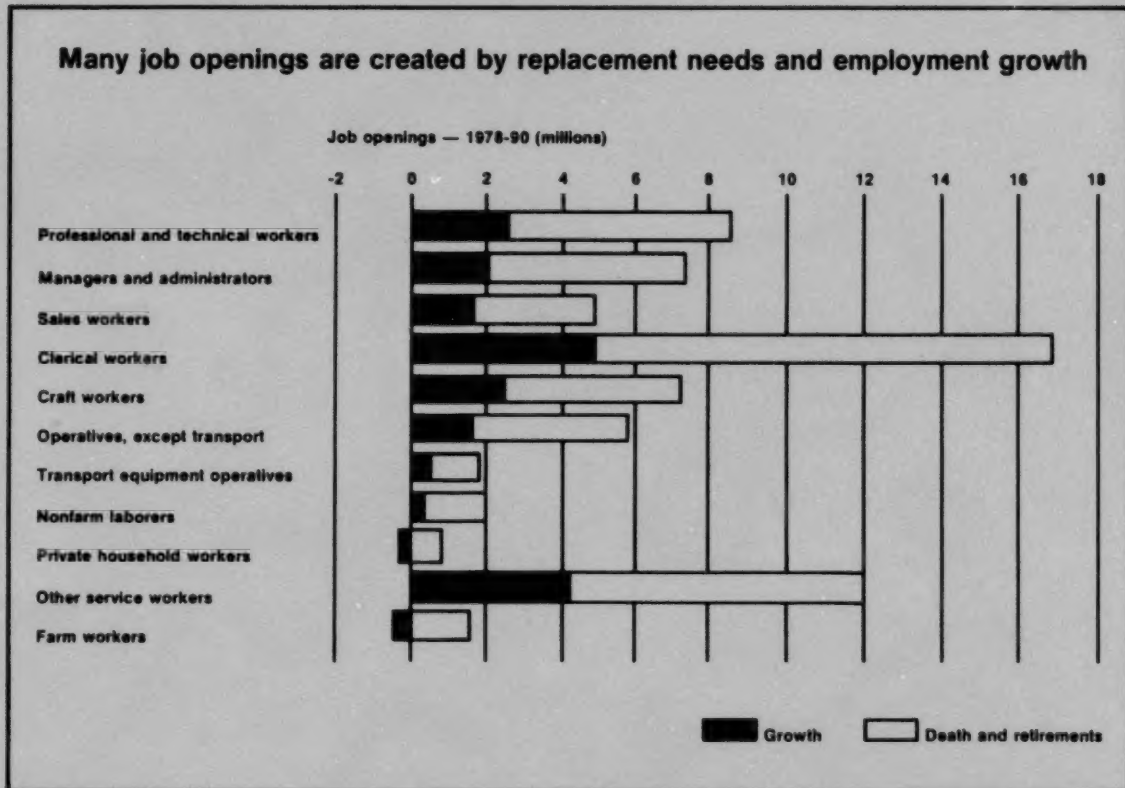
Through the 1980's, over half of all workers will have white-collar jobs



Source: Bureau of Labor Statistics.

From: *Occupational Projections and Training Data*. Washington, D.C.: U.S. Department of Labor, Bureau of Labor Statistics, 1979.

Training materials funded by a grant from the AMERICAN COUNCIL OF LIFE INSURANCE.

CHART 3**Many job openings are created by replacement needs and employment growth**

Source: Bureau of Labor Statistics

From: *Occupational Projections and Training Data*. Washington, D.C.: U.S. Department of Labor, Bureau of Labor Statistics, 1979.

Training materials funded by a grant from the AMERICAN COUNCIL OF LIFE INSURANCE.

FINANCIAL PLANNING TEACHING IDEAS

HANDOUT

III/5

Directions:

Develop an idea for teaching financial planning at the secondary level. The idea should relate to information provided in this workshop session.

Title of idea or topic _____

Estimated teaching time _____

Learning objective(s) _____

Content, concepts, generalizations, etc.

Teaching methods, activities, worksheets

Suggested resource materials

Your name _____ Date _____

LIFE STAGE — 13-17 YEARS

Unique Financial Tasks	
Common Financial Errors	
Desirable Outcomes	
Ideas for Teaching	

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

HANDOUT **III/6**

This section contains references and other sources of information about obtaining financial resources that will be useful in providing background information on the topic. In addition, you will find a number of suggestions for classroom activities appropriate for use with high school students.

Career Opportunities for You in Life and Health Insurance, American Council of Life Insurance. A 24-page illustrated booklet useful in both small and large group instruction. It provides information on 17 career areas in the life and health insurance business. Free in quantities up to 25. Additional copies .20 each.

Financial Planning, Employee Benefits, and You: A Reading Workbook, American Council of Life Insurance. A 36-page illustrated booklet for readers with modest skill levels, originally written for adults in basic education classes. Suitable for independent study or classwork. It presents information on employee benefits while teaching several basic reading skills. Free in quantities up to 20. Additional copies available at .55 each.

Finding Work, Chicago: Follett Publishing Co. Part of the Follett Coping Skills Series, a workbook emphasizing job qualifications and ways to find jobs.

Let's Talk About Money, American Council of Life Insurance. A 24-page basic money management guide to help consumers plan their financial future. Includes charts and worksheets for individual and family planning. Single copies free. Additional copies .20 each.

Life Insurance Factbook, American Council of Life Insurance. This 128-page publication provides basic statistics about the life insurance business, including historical data and recent developments. Single copies are free. Additional copies \$1.00 each.

Lifeworks: You and the World of Work, New York: Gregg Division, McGraw Hill. A work suitable for high school students that includes checklists related to obtaining and maintaining employment.

Occupational Outlook Handbook (Updated by *Occupational Outlook Quarterly*) and *Occupational Projections and Training Data*, U.S. Department of Labor. These government publications can be secured by writing the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Pacemaker Vocational Readers and The Job Box, Belmont: Pitman-Learning, 6 Davis Drive, Belmont, CA 94202. Material written for junior and senior high school students with severe reading disabilities.

Pension Facts, American Council of Life Insurance. A 72-page informative booklet on private and public pension plans. It provides a statistical and descriptive account of pension systems. Single copies free. Additional copies \$1.00 each.

Teaching Topics: Employee Benefits, American Council of Life Insurance. One in a series of periodic publications for teachers. This 8-page issue contains information on a variety of employee benefits and provides additional suggestions for teaching about this topic. Single copies free.

The Basics of Life Insurance, American Council of Life Insurance. A 15-minute filmstrip with cassette, teacher's guide and poster. It provides a basis for student discussions of various financial resources. Appropriate for senior high school or college students and adult groups. Purchase price is \$12.50.

The Three Boxes of Life and What Color is Your Parachute?, Berkeley: Bolles, John. Ten Speed Press, Box 7123, Berkeley, CA 94707. Two popular books on finding or changing jobs.

Understanding Your Life Insurance, American Council of Life Insurance. A 48-page simplified textbook which explains the basic concepts of life insurance. Useful to high school teachers and adult education instructors. Single copies free.

CLASSROOM ACTIVITY IN OBTAINING FINANCIAL RESOURCES

Activity

Understanding Financial Resources

Overview

For most Americans the primary financial resource is a salary but financial resources are not limited to such income. Often people overlook many non-financial resources which provide opportunities for enhancing financial resources and lifestyle.

Type of Activity

Small group

Materials

Description of services offered by county (recreation, health), brochures from Federal Agencies (Social Security, HEW), community groups

Performance Indicator

The student will list a variety of potential resources and identify ways of combining such resources to enhance a financial plan.

Procedure

1. Discuss what financial resources are.
2. List some common expenditures of students. Ask students to identify resources they could use to meet these expenditures if their financial resources were cut 25-50 percent. Brainstorm about other resources (financial and nonfinancial). Note: family, recreation facilities, hobbies or a clinic might be some potential responses. Discuss how these might be financial resources and could be included in a financial plan.

Follow-up

Students' financial resources and needs will change as they move through the life cycle. To help them expand their understanding of resources, invite several persons of various ages to class to discuss how they coped with economic changes, e.g. the Depression, World War II. Identify the combination of resources people used to cope with such economic changes or have guests tell how their needs and resources changed from student to single adult to married couple.

CLASSROOM ACTIVITY IN OBTAINING FINANCIAL RESOURCES

Activity

Overview

Employee Benefits

The selection of a particular job should involve more than salary, location, and working conditions. Most employment offers a variety of benefits for the worker. A person must evaluate these benefits in relation to personal and family financial needs.

Type of Activity

Small group
Length of time — 45 minutes

Materials

For Students: (a) Check stub sample attached.
(b) "Employee Benefits" sheet.
For Teachers: (a) *Teaching Topics* (Vol. 30, No. 1), Fall, 1981*
(b) *Financial Planning, Employee Benefits, and You**

Performance Indicator

The student will evaluate various employee benefits for different family situations.

Procedure

1. Discuss the purpose and costs of employee benefits.
2. Ask students to name some employee benefits.
3. Divide class into groups of three to five students. Distribute "Employee Benefits" sheet.
4. Have students evaluate the benefits listed for each family.
5. Have students suggest other benefits for each family situation.
6. Discuss which employee benefits are most important for each family.

Follow-up Activities

Collect advertisements for jobs which list various employee benefits.
Collect employee benefit manuals from several area employers and compare employee benefits offered by each.
Invite a corporate benefit administrator to class to discuss trends in employee benefits.

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

III/6 continued

For Student Use

STATEMENT OF EARNINGS & DEDUCTIONS																
PAID TO Mary Stevens	PAY PERIOD ENDING 1/20/82															
TOTAL EARNINGS	OUT OF YOUR EARNINGS WE HAVE PAID	NET EARNINGS														
\$125.00	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">F.I.C.A.</td> <td style="width: 40%; text-align: right;">\$ 7.68</td> </tr> <tr> <td>U.S. WITHHOLDING TAX</td> <td style="text-align: right;">\$ 13.10</td> </tr> <tr> <td>STATE WITHHOLDING TAX</td> <td style="text-align: right;">\$ 4.40</td> </tr> <tr> <td>GROUP LIFE INS.</td> <td style="text-align: right;">\$ 2.80</td> </tr> <tr> <td>GROUP HEALTH INS.</td> <td style="text-align: right;">\$ 2.75</td> </tr> <tr> <td>PAYROLL SAVINGS</td> <td style="text-align: right;">\$ 5.00</td> </tr> <tr> <td>TOTAL DEDUCTIONS</td> <td style="text-align: right;">\$ 38.51</td> </tr> </table>	F.I.C.A.	\$ 7.68	U.S. WITHHOLDING TAX	\$ 13.10	STATE WITHHOLDING TAX	\$ 4.40	GROUP LIFE INS.	\$ 2.80	GROUP HEALTH INS.	\$ 2.75	PAYROLL SAVINGS	\$ 5.00	TOTAL DEDUCTIONS	\$ 38.51	\$ 89.49
F.I.C.A.	\$ 7.68															
U.S. WITHHOLDING TAX	\$ 13.10															
STATE WITHHOLDING TAX	\$ 4.40															
GROUP LIFE INS.	\$ 2.80															
GROUP HEALTH INS.	\$ 2.75															
PAYROLL SAVINGS	\$ 5.00															
TOTAL DEDUCTIONS	\$ 38.51															
DETACH AND RETAIN FOR YOUR RECORDS.																

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

III/6 continued

For Student Use

Employee Benefits Name _____

For each family situation, rate the employee benefits on a scale of 1 (not important) to 5 (very important).

Family situation Type of benefit	Single person, age 20	Married person, age 25 (no children)	Married person, age 35 (two children, ages 3, 7)	Married person, age 50 (children grown)
Paid vacation, holidays				
Paid sick days				
Health insurance				
Disability insurance				
Life insurance				
Dental insurance				
Profit sharing				
Payroll savings plan				
Company pension				
Supplemental pension				
Education expense reimbursement				
Others _____ _____				

CLASSROOM ACTIVITY IN OBTAINING FINANCIAL RESOURCES

Activity

Cost of Credit

Overview

The use of credit can cost the consumer money. Being able to compute the interest rates and money cost of credit helps consumers determine whether the purchase of the item is worth the credit costs.

Type of Activity

Individual and Group
Length of Time—45 minutes

Materials

For Students: Distribute worksheet, "Credit-Cost Situations" (see next page)

Performance Indicator

The student will compute interest rates and the dollar costs of credit and determine whether it is worthwhile to pay for the use of credit.

Procedure

1. Discuss the popularity of buying on credit: ways they have seen people use credit. Distribute "Credit-Cost Situations".
2. Have students compute the percentage rates of credit costs in each situation given. Discuss answers. Identify what other information might be helpful to have in order to decide whether or not to use credit.
3. Discuss and analyze whether the cost of credit is worth its use. When? In what situations? Relate the responses to a financial plan.
4. Discuss the role of credit in a financial plan. Identify pros and cons of using credit.
5. As a follow-up, ask students to collect samples of mailings, newspaper articles and other attempts to encourage people to make greater use of credit. Bring samples to class.

Evaluation

Students will correctly compute the cost of credit and the percentage of interest rates.

For Student Use

Credit Cost Situations

Situation #1:

The Brown family purchased a refrigerator on credit. The total price was \$392. The cash price was \$350. What percentage interest rate are they paying?

(Answer: 12 percent; formula: $R = \frac{1}{P}$)

Situation #2:

Jack is buying a car on a 36-month credit plan. The cash price is \$3,000. He was told the interest rate on his contract is 10 percent plus \$30 for credit life insurance. What is the total price of the car?

(Answer: \$3,930; formula: $I = PRT$)

CLASSROOM ACTIVITY IN OBTAINING FINANCIAL RESOURCES

Activity

Reading a Stock Market Report

Overview

Accurately reading and interpreting stock market reports enables one to identify variations occurring with stocks.

Type of Activity

Individual and Group
Length of time—45 minutes

Materials

For Students: Worksheets, "Stock Tables Explained" and "Stock Market Worksheet" Newspapers — stock reports
For Teachers: "You and the Investment World," New York Stock Exchange, 1976.

Performance Indicator

The student will interpret the information given in stock market report and complete the "Stock Market Worksheet."

Procedure

1. Discuss the stock market, how it works and why people invest in stocks.
2. Distribute copies of worksheet, "Stock Tables Explained." Discuss with class.
3. Have students read page 24 in "You and the Investment World." Discuss.
4. Complete the worksheet, "Stock Market Worksheet." Discuss the students' findings.

For Student Use

Stock Tables Explained

Consolidated trading comprises trades on the New York, American, Philadelphia, Boston, Midwest, Cincinnati and Pacific Stock Exchanges. Also included are trades in listed stocks reported by the National Association of Securities Dealers and Instinet.

The abbreviation of a company's name is followed by the current annual dividend per share, which is based on the latest quarterly or semiannual declaration, unless otherwise noted. PE refers to the price-earnings ratio, that is, the number of times by which the company's latest 12-month earnings must be multiplied to obtain the current stock price.

Yld stands for yield, or the percentage return represented by the annual dividend of the current stock price. Sales 100's, refers to the volume of shares in consolidated trading. Thus, 150 in the sales column would mean 15,000 shares traded. A z preceding the volume figure means the sales are stated in full.

Stock prices are stated in dollar amounts; thus 50¼ means \$50.25. The 52-week High and Low columns show the highest and the lowest price of the stock in consolidated trading during the preceding 52 weeks. The High, Low and Lost columns refer to the day's trading prices. A u in the High column indicates a new 52-week high. A d in the Low column indicates a new 52-week low. Chg is the difference—plus, minus or no change—between the day's last reported price and the previous closing price.

An s indicates a split or stock dividend amounting to 25 percent or more has been paid. The stock's yearly price range as well as its dividend are shown for the new stock only.

Special or extra dividends are indicated by the following footnotes: a-Also extra or extras. b-Annual rate plus stock dividend. c-Liquidating dividends. e-Declared or paid in the preceding 12 months. g-Dividend or earnings in Canadian money. Stock trades in U.S. dollars. No yield or PE unless staged in U.S. money. i-Declared or paid after stock dividend or split-up. k-Declared or paid this year on a cumulative issue with dividends in arrears. n-New issue. p-Paid this year, dividend omitted, deferred or no action taken at last dividend meeting. r-Declared or paid in the preceding 12 months in addition to stock dividend. t-Paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. Other footnotes: old-Called x-Ex dividend, that is any dividend payable on the stock is payable to the seller, not the buyer. y-Ex-dividend and sales in full. x-dis-Ex-distribution. xr-Ex-rights. xw-Without warrants. ww-With warrants. wd-When distributed. wi-When issued. nd-Next day delivery. vi-In bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.

For Student Use

Stock Market Worksheet

Attach Stock Report Here

Using a portion of a stock report from a newspaper, answer the following questions. Underline each security selected on the newspaper clipping to match your answers. Attach the clipping to this paper.

1. List three abbreviated company names from the clipping.
2. Give the rate of dividend for the first stock you listed above.
3. Give the price-earnings ratio for the first stock you listed.
4. Give the total sales for the day for the first stock listed. (Remember—it is given in hundreds.)
5. List the closing prices for the three companies selected in question one.
6. Give the net change for the first stock listed.

CLASSROOM ACTIVITY IN OBTAINING FINANCIAL RESOURCES

Activity

Investing Financial Resources

Overview

One way people improve their standard of living is to increase the amount of financial resources available to them. The activity introduces students to the various investment options available as well as the factors to consider when investing.

Type of Activity

Small group

Materials

For Students: Business section from a newspaper, financial bulletins, annual reports from businesses.

For Teachers: Ulbrich and Yondle, "Managing Personal Finance," 1979, Business Publications, Inc., Dallas, Texas.

Performance

The student will discuss the various investment opportunities available and identify the role of each in a financial plan.

Procedure

1. Discuss reasons people invest and identify investment opportunities available.
2. Discuss the role of investments in a financial plan. Identify how personal attitudes could affect the investment program a person selects (for example, secure savings, risk, etc.).
3. Divide the class into small groups. The teacher should select three or four different investment opportunities (real estate, stocks, savings, treasury bills) that have an obvious relationship to the economic, social and political trends. Discuss these trends and how they could impact on these investments.
4. Survey parents, friends and neighbors about their investment program and experiences. What are the implications for their financial security?

For Student Use

CLASSROOM ACTIVITY IN OBTAINING FINANCIAL RESOURCES

Imagine that you are trying to get a new job. Jobs are very hard to get, but your employment counselor tells you he has two jobs available now. You can have either job of your choice.

In two weeks he will have two more jobs for you to choose from but he cannot tell you what they are. Also, he is not sure you can get either of these jobs.

You are anxious to have a job. The two jobs are: catskinner and spotter. You can decide on one of these jobs or wait for two weeks. You can select three pieces of information from the list below. If you wish, you can get the answer to one piece of information before choosing the next. *i.e.* Ask the counselor to give you one piece of information before choosing the next. Then ask the counselor to give an additional piece of information and so on until you have received the three pieces of information allowed.

Information:

- A. Salary of catskinner
- B. Salary of spotter
- C. Names of two jobs in two weeks
- D. Duties of catskinner
- E. Duties of spotter
- F. Working conditions of catskinner
- G. Working conditions of spotter
- H. Duties of first job to be available in two weeks
- I. Duties of second job to be available in two weeks
- J. Salaries of both jobs in two weeks
- K. Counselor's advice
- L. Friend's advice
- M. Kind of people you will be working with as a catskinner
- N. Kind of people you will be working with as a spotter
- O. Restrictions or limitations of the two jobs that will be available in two weeks.

Which three pieces of information do you choose?

1. _____
2. _____
3. _____

What are your reasons for choosing these three?

1. _____
2. _____
3. _____

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

III/6 continued

After reading the *three pieces* of information (given to you by the counselor), which do you decide?

1. _____ To take the catskinner job.
2. _____ To take the spotter job.
3. _____ To wait two weeks.

What is your reason for deciding as you did? _____

Now after reading *all* pieces of information (given you by the counselor), what is your decision?

1. _____ To take the catskinner job.
2. _____ To take the spotter job.
3. _____ To wait for two weeks.

Now what is your reason for your decision? _____

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

III/6 continued

COUNSELOR'S DATA CARD

- | | |
|--|---|
| A. Salary of catskinner | A. \$8.50 per hour |
| B. Salary of spotter | B. \$4.00 per hour |
| C. Names of two jobs in two weeks | C. Door-to-door salesman & library aide |
| D. Duties of catskinner | D. Drive a small tractor, dirt mover for road construction |
| E. Duties of spotter | E. Operate a machine used in making small parts |
| F. Working conditions of catskinner | F. Outdoors, eight hours a day, hard labor |
| G. Working conditions of spotter | G. Inside, good clean plant, eight hours a day, easy work |
| H. Duties of first job to be available in two weeks | H. Selling ads in publications to commercial agencies and clients |
| I. Duties of second job to be available in two weeks | I. Inside, assisting librarian in cataloging, reshelving, answering telephones, etc. |
| J. Salaries of both jobs in two weeks | J. First job pays \$4.00 per hour plus commissions. Second job pays \$2.75 per hour |
| K. Counselor's advice | K. Take the job that relates most to your career interest |
| L. Friend's advice | L. Choose the job that will pay the most money |
| M. Kind of people you will be working with as catskinner | M. Mostly men, "hard hats," ages 24-40 |
| N. Kind of people you will be working with as spotter | N. Mostly women, skilled laborers, ages 30-50 |
| O. Restrictions or limitations on two-week jobs | O. First job: men or women, good verbal ability, friendly personality and ability to persuade
Second job: men or women, good with details, work under supervision, fast with alphabetizing |

From: *INCINCE Design of Curriculum Models in Consumer Education*. California State Department of Education: Bureau of Homemaking Education, n.d.

CLASSROOM ACTIVITY IN OBTAINING FINANCIAL RESOURCES

Activity

Career Selection

Overview

Various research studies have revealed that less than 50 percent of the people surveyed enjoy their work. More people could have a job they enjoy if they took the time to assess their interests and abilities and to develop a plan for career selection.

Type of Activity

Large group/individual
Length of time—45 minutes

Materials

For Students: "Planning Your Career" worksheet, "Selecting a Career" worksheet, and a job advertisement from the newspaper.
For Teachers: *The Occupational Outlook Handbook*, Government Printing Office, Washington, D.C.

Performance Indicator

The student will recognize various factors to be considered when planning a career.

Procedure

1. Flip a coin or pull a card from a deck of cards to demonstrate the method used by most people when selecting a career.
2. Discuss ways in which people select careers.
3. Discuss reasons people work.
4. Distribute the "Planning Your Career" worksheet. Have students complete the various exercises on this sheet.
5. Discuss how these factors can affect a person's selection of a career.
6. Distribute the "Selecting a Career" worksheet. Have students use a job advertisement to complete this sheet.

Follow-up Activities

Interview a person working in a career area in which you are interested. Obtain information regarding the person's training, education, likes, dislikes, and future opportunities in the career area.

Invite a guidance counselor to class to discuss growing areas of opportunities for careers.

Prepare a bulletin board or display case illustrating where jobs are predicted to be for the next 25 years.

Discuss how career selection affects income and the potential income derived from a variety of careers.

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

III/6 continued

For Student Use

Planning Your Career Name _____

To assist you in planning your future career, do the following exercises.

A. Your Interests and Abilities

School subjects you do well in and enjoy _____

School subjects you don't enjoy _____

Favorite hobbies, interests, and sports _____

Work you have enjoyed _____

Work you have not enjoyed _____

Favorite books, magazines, and reading material _____

B. Reasons for Working

Rank the following reasons for working from 1 (most important) to 6 (least important).

_____ achievement

_____ money

_____ financial independence

_____ recognition

_____ helping others

_____ self-satisfaction

C. Working Conditions

For each of the following, indicate your preference.

Would you rather work:

_____ as part of a team or independently?

_____ with people or with ideas/things?

_____ regular hours or changing hours?

_____ with current knowledge or with new training and skills?

D. Your Personality

What things do you do better than other people? _____

What things would you like to be able to do better? _____

What person has influenced your life the most? _____

What would you like to improve about yourself? _____

E. Possible Careers

Based on the information you have given, list three jobs or career areas which might be best for you in the future.

	Career	Potential Income
1.	_____	_____
2.	_____	_____
3.	_____	_____

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

III/6 continued

For Student Use

Selecting a Career Name _____

Place an advertisement here from the
newspaper for a job which you are
interested in now or for the future.

Job title _____

Description of duties _____

Company name, address, phone _____

Job requirements:

Education _____

Training _____

Experience _____

Salary: \$ _____

Other information about the job given in the ad:

- A. What do you like about this job?
- B. Would you consider this job for yourself? Why?
- C. What additional training and education would this job require of you?
- D. Do you plan to obtain additional training and education? What type?
- E. What type of work would you like to do in the future?

CLASSROOM ACTIVITY IN OBTAINING FINANCIAL RESOURCES

WHAT Makes a Job Fulfilling?

Student Activity:

1. Students discuss in small groups of five or six what would make a job meaningful and construct a chart listing five to ten factors important to a good job.
2. Small groups share findings with entire class.
3. Class listens to four or five taped interviews with persons discussing the good and bad points of specific jobs.
4. Students return to their original groups to review their charts.
5. Entire class then discusses the revised charts. Students should be asked to explain their choices of what they think would make a job satisfying.

Note: Taped interviews could be made by the teacher, or the exercise could be expanded to have the students tape interviews with selected persons. In either case, interview questions should be carefully chosen and used with each interviewee. Those interviewed should represent a range of jobs and occupations.

CLASSROOM ACTIVITIES IN OBTAINING FINANCIAL RESOURCES

(Note to teachers: This is a Job Opportunities information sheet. An exercise related to this sheet follows.)

Job Opportunities

Job opportunities depend on demand for particular kinds of workers in particular industries.

1. Through the 1980's, over half of all workers will have white-collar jobs.

Professional and technical workers — will remain about the same.

Growth — Scientists, engineers, technicians

Decline — Teachers, artists, entertainers, oceanographers

Managers and administrators — will remain about the same.

Growth — Salaried managers

Decline — Self-employed

Clerical workers — will be the largest and fastest growing occupational group.

Growth — Computer and peripheral equipment operators, secretaries, typists, receptionists — jobs with high degree of personal contact

Decline — File clerks, office machine operators

Sales workers — will increase slightly.

Growth — Retail trade in shopping centers and stores

Decline — Wholesale sales

2. Number of blue-collar workers will increase slightly.

Craft workers — will increase slightly.

Growth — Construction occupations, mechanics, repairers, blue-collar supervisors, metal craft workers. Most rapid increases will be for workers who install, maintain, or repair computers, office machines, air conditioners, radio and television sets

Decline — Railroad workers, printing craft occupations

Operatives — will increase slightly.

Growth — Truckdrivers, route drivers, bus drivers

Decline — Textile operators, brake and switch operators on railroads

Laborers — will have very slow growth, machinery gradually replacing manual labor

3. Service workers are one of the fastest growing occupational groups.

Growth — Workers employed in service-producing industries (firefighter, janitors, cosmetologists, bartenders, etc.)

Decline — Private household workers

4. Farm workers will continue to decline in number.

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

III/6 continued

(Note to teachers: This is the answer sheet for the Job Opportunities exercise. A sheet without check marks is provided for your use.)

Job Opportunities

Directions:

Place an X in the appropriate column to show which kinds of workers will be in increasing demand through the 1980's and which in decreasing demand.

	Increased Demand	Decreased Demand
1. Engineers	X	
2. Teachers		X
3. Artists		X
4. Entertainers		X
5. Oceanographers		X
6. Salaried Managers	X	
7. Self-employed		X
8. Computer Operators	X	
9. Secretaries	X	
10. File Clerks		X
11. Retail Salespersons	X	
12. T.V. Repairers	X	
13. Printers		X
14. Truck drivers	X	
15. Textile Operators		X
16. Laborers		X
17. Cosmetologists	X	
18. Firefighters	X	
19. Private Household Workers		X
20. Farm Workers		X

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

III/6 continued

For Student Use

Job Opportunities

Directions:

Place an X in the appropriate column to show which kinds of workers will be in increasing demand through the 1980's and which in decreasing demand.

	Increased Demand	Decreased Demand
1. Engineers	_____	_____
2. Teachers	_____	_____
3. Artists	_____	_____
4. Entertainers	_____	_____
5. Oceanographers	_____	_____
6. Salaried Managers	_____	_____
7. Self-employed	_____	_____
8. Computer Operators	_____	_____
9. Secretaries	_____	_____
10. File Clerks	_____	_____
11. Retail Salespersons	_____	_____
12. T.V. Repairers	_____	_____
13. Printers	_____	_____
14. Truck drivers	_____	_____
15. Textile Operators	_____	_____
16. Laborers	_____	_____
17. Cosmetologists	_____	_____
18. Firefighters	_____	_____
19. Private Household Workers	_____	_____
20. Farm Workers	_____	_____

SESSION IV

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SPENDING AND BORROWING FINANCIAL RESOURCES

(3 hours)

Introduction

In this session spending and borrowing are considered in the context of personal and family needs and goals. As in other sessions, a second perspective is that of the future. Specifically, we are concerned here with how future needs and responsibilities are affected by current expenditures and by the obligation of future income through the use of credit.

Over the life cycle changes occur in personal and family financial goals and in the way resources are obtained to achieve these goals. Similarly, personal and family spending patterns change over time. These patterns are influenced by both changing values and by current economic conditions. By planning spending with care and by developing good shopping skills, individuals and families can make better use of available financial resources.

The use of credit is an important element in financial planning. Credit is the use of future income to satisfy current needs, and while use of credit is often necessary and even advantageous, there are responsibilities and disadvantages associated with its use. It is important for consumers to understand both the advantages and disadvantages, as well as the rights and responsibilities, that accompany their spending behavior and their use of credit.

Competencies and Basic Generalizations

This session on spending and borrowing provides experiences leading to the attainment of the following competency. Recall, however, that this is a long-range, terminal goal which may not be attained in the limited time available in this session. The competency is:

Implement the personal or family financial plan to meet short- and long-term goals by applying principles of effective spending, borrowing, investing, saving and sharing.

Emphasis here will be on "effective spending and borrowing." The other elements of implementing a financial plan will be covered in subsequent workshop sessions.

A number of basic generalizations about effective spending and borrowing are relevant to this competency. They are:

1. Individuals and families have differing needs over the life cycle which influence spending decisions.
2. Careful spending can help individuals increase their buying power and level of living.
3. The purchasing power of individuals and families is strongly influenced by economic factors such as income inflation and unemployment.
4. The wise use of credit can help individuals and families raise their standard of living.
5. The amount of credit individuals and families can safely assume depends on income living expenses and other obligations.
6. Comparison shopping is important when making decisions on types, sources and costs of credit.
7. The law requires that both the dollar amount of the finance charge and the annual percentage rate be clearly stated on all credit contracts.
8. Credit problems occur when debtors cannot meet obligations and living expenses.
9. The ability to get credit depends on an individual's creditworthiness.

SPENDING AND BORROWING FINANCIAL RESOURCES

10. Credit, which is in fact, living on future income, must be used only after careful consideration of the current stage in the life cycle.

Objectives

This session will help the participants gain understanding and competence in teaching high school students to:

1. Describe ways individual and family spending patterns will change to meet differing circumstances throughout the life cycle.
2. Identify guidelines for making decisions when buying goods and services to achieve goals.
3. Discuss the impact of inflation or unemployment on individual and household spending.
4. Explain how individuals and families can use credit to bridge gaps between income and needs over the life cycle.
5. Discuss factors to consider when making credit decisions, whether to use credit, and credit types, sources and costs.
6. Describe existing laws that impact on consumer credit availability and costs.
7. Identify danger signals that warn of debt problems, and suggest ways of dealing with the problem.
8. List steps individuals can take to build a favorable credit history and credit rating.
9. Understand the concept and implications of credit/borrowing; namely, using future income to meet current needs.
10. Understand responsibilities associated with credit/borrowing that derive from the fact that future income is already obligated and will not be available for future needs.

Content Outline

To assist you in better understanding the task of obtaining financial resources, the following outline of content is provided.

- I. Individuals and families have differing needs and wants over the life cycle which influence spending.
 - A. Spending decisions will vary as individuals and families progress through a series of life cycle stages:
 1. Traditional life cycle stages
 2. Non-traditional life cycle stages(Review life cycle flow charts provided in Session II.)
 - B. Each family is unique in terms of its particular needs, values, problems and goals.
 - C. Various life cycle stages and their accompanying needs and responsibilities will affect a family's spending patterns. Examples include:
 1. Single persons with no dependents may be willing to spend more on clothing, education and entertainment than would a young married couple with children.
 2. Life insurance may be of prime importance to a young married couple with children, and of lesser importance to a person of any age who has no financial dependents.
 3. In the household's early years, when income may be low, consumption needs may be quite high.

(Review ADULT FINANCIAL MANAGEMENT MATRIX I & II, which were used in Session I.)

SPENDING AND BORROWING FINANCIAL RESOURCES

D. Spending decisions should reflect the following factors:

1. Personal and family values
2. Goals based on anticipated needs and wants
 - a. short-term goals, next week, next month
 - b. long-term, next year, the years ahead
3. Priorities based on needs
4. Allocation of resources based on a plan
5. Awareness of the life cycle stages and their accompanying role changes which affect spending decisions.

II. Careful spending can help individuals increase their buying power and level of living.

A. The way people spend their money determines their personal level of living.

B. Through planned spending, people can increase their buying power even if their money income stays the same.

1. Estimate needs

- a. Decide maximum amount to spend
- b. Avoid bargains not needed
- c. Decide between immediate and deferred purchases
- d. Gather information before you buy

2. Know your shopping facilities

- a. Department stores
- b. Specialty stores
- c. Discount stores
- d. Co-operatives
- e. Door-to-door sales
- f. Mail order facilities
- g. Factory outlets
- h. Garage sales, flea markets, second-hand shops

3. Develop shopping skills

- a. Keep total spending within budgeted income
- b. Seek adequate information
 - 1) Labels & instruction booklets
 - 2) *Consumer Reports*, other printed information
 - 3) Discussions with salespersons, other people who have used the item or service.
- c. Check guarantees and warranties
- d. Buy at the best time
 - 1) Seasonal sales
 - 2) Model changes
 - 3) Try to avoid shopping when
 - a) Stores are crowded, understocked
 - b) You are tired, hungry or hurried
- e. Consider buying alternatives
 - 1) Low-cost substitutes, if the subsidiaries will meet your needs
 - 2) Used merchandise, if it is in good condition
- f. Consider the extra costs of delivery, installation, maintenance or service charges
- g. Consider shopping time as well as price and quality when making spending decisions

SPENDING AND BORROWING FINANCIAL RESOURCES

C. When purchasing goods and services, consumers have responsibilities that parallel rights.

1. Right to be informed

- a. Responsibility to use information sources
- b. Responsibility to complain about misleading advertising
- c. Responsibility to contact manufacturer for further information

2. Right to Safety

- a. Responsibility to report hazards to government agencies, the company and other appropriate agencies
- b. Responsibility to use products according to exact instructions
- c. Responsibility to evaluate products for safety seals (UL, etc.) before purchase

3. Right to be Heard

- a. Responsibility to file complaints with agencies and company
- b. Responsibility to present information clearly and to document purchase and problem
- c. Responsibility to seek reasonable and appropriate redress

4. Right to Choose

- a. Responsibility to be aware of consumers' role in economic system and environment.
- b. Responsibility to avoid purchasing products that contribute to waste, pollution and the exploitation of labor
- c. Responsibility to use comparison shopping methods when possible

5. Other responsibilities

- a. Pay all bills
- b. Report errors which are to one's advantage as well as to one's disadvantage
- c. Avoid waste and pollution by buying quantities that will be used, materials that will be recycled, etc.
- d. Avoid making unfair exchanges, returns or demands
- e. Deal only with reputable business people
- f. Be aware of consumer protection laws

III. The purchasing power of individuals and families is influenced by economic factors, including income, inflation and unemployment.

A. In autumn 1980, the U.S. average annual urban family budgets at three income levels were:

- 1. Lower — \$14,044
- 2. Intermediate — \$23,134
- 3. Higher — \$34,309

(SEE HANDOUT 7—URBAN FAMILY BUDGETS—AUTUMN 1980, chart on dollars spent, and chart on percentage spent on each budget category.)

B. The following observations can be made regarding the 1980 Urban Family Budget statistics.

- 1. These budgets represent an increase of approximately 12% over 1979 budgets, the largest increase since 1974.
- 2. With the exception of housing and taxes, costs went up about the same for each budget level.
- 3. Lower income families spend a larger percentage of their budget on food than do higher income families.
- 4. Higher income families spent a larger percentage of their income on housing, due in part to the fact that homeowner costs increased more than rental costs.

SPENDING AND BORROWING FINANCIAL RESOURCES

5. Personal income taxes constituted a larger share of the total household budget at the higher income level than at the lower levels.
- C. Median family income doubled during the 1970s but, due to inflation, the purchasing power in 1980 was only \$40 more than in 1970.
- D. In 1980, blacks' income was 57.9 percent of whites, down from 61.3 percent 10 years earlier, so the black-white income gap grows wider.
- E. In 1980, nearly 30 million people, 13 percent of the population, was officially poor.

PINPOINTING THE POOR

Based on official poverty levels, 29.3 million individual Americans were considered poor in 1980.

Of This Group	This Share Poor
All Americans	13.0%
Whites	10.2%
Blacks	32.5%
People of Hispanic origin	25.7%
People 65 and older	15.7%
People in central cities	17.2%
People on farms	17.5%

Source: *U.S. News and World Report*, August 31, 1981

F. How people cope with inflation, a study of 2,000 families in 1976.

1. Raised income
 - a. Took a second job
 - b. Worked overtime
 - c. Additional family members went to work
 2. Reduced expenditures
 - a. Stopped buying luxuries
 - b. Saved money on food
 - c. Spent less on entertainment and clothing
 - d. 20% of the families postponed dental care
 - e. 15% of the families postponed medical care
 3. Used available funds more efficiently
 - a. Repaired things they used to throw away
 - b. Bought things on sale
 - c. Bargain hunting and sharing with others
- (Based on a study by David Caplovitz and reported in *Making Ends Meet: How Families Cope with Inflation and Recession*, Sage Library of Social Research, 1979.)

G. How people cope with unemployment.

1. Apply for unemployment compensation.
2. Make adjustments in family budgets in order to meet basic needs and credit obligations.
3. Remember that time, energy and skills can often be substituted for spending.
4. Be realistic about your available income, and recognize the need to cut costs immediately.
5. Talk the situation over with the entire family, the quicker rational decisions are made, the more likely problems can be avoided.
6. In severe financial situations, seek help from a non-profit family financial counseling service and notify your creditors.

SPENDING AND BORROWING FINANCIAL RESOURCES

IV. Credit is the present use of future income; in other words, a negotiated cash flow between different periods in the life cycle. Credit can be used to bridge gaps between income and needs over the life cycle.

A. Why should anyone ever borrow money?

1. Allows the purchase of goods and services when they're needed and paying for them gradually. Examples: car, home, education.
2. Credit can be used in terms of financial emergencies, such as medical expenses not covered by insurance.
3. Shopping convenience and the efficiency of paying for several purchases with one monthly payment.
4. Using credit establishes a credit rating, and may identify you as a regular customer, eligible for preferred service policies.
5. Using credit is a form of forced saving, and can be a hedge against inflation as a loan is paid off with inflated dollars.

B. What are the disadvantages of borrowing money?

1. The use of credit costs money. Total finance charges add to the cost of purchasing goods and services.
2. Credit can encourage impulse buying and overspending.
3. Using credit ties up future income by the amount needed to repay debts, while at the same time new needs and responsibilities are emerging.
4. Misuse of credit can create serious long-term financial problems, damaging family relationships and slowing progress toward goals.

V. Factors to Consider when Making Credit Decisions

A. Whether or not to use credit

1. The amount of credit individuals and families can safely assume depends on income, living expenses and other financial obligations.
2. Don't use credit if monthly payments will reduce the amount of money required for necessities.
3. How much credit can you afford?
 - a. Some financial counselors suggest that short-term debt payments should not exceed 15 to 20 percent of take-home pay. This does not include housing mortgage costs.
 - b. Counselors warn that people shouldn't necessarily follow percentages that don't fit their financial situation. Each household must decide how much credit it can afford based on its own financial condition.

SEE HANDOUT 3: CAN YOU AFFORD MORE DEBT?

B. Comparison shopping is important when making decisions on sources and costs of credit

C. General guidelines for keeping credit costs down

1. Compare costs. Borrow money where the annual percentage interest rate and the total cost of credit is lowest.
2. Keep repayment period short on installment purchases or loans.
3. Maintain a good credit record thus avoiding the high interest rates charged to poor credit risks.

VI. Consumer Credit Laws

A. List of major U.S. consumer credit laws

1. Truth in Lending, July, 1969
2. Fair Credit Reporting Act, October, 1975

SPENDING AND BORROWING FINANCIAL RESOURCES

3. Equal Credit Opportunity Act, October, 1975
 4. Fair Debt Collection Practices Act, March, 1978
 5. Bankruptcy Act of 1978, October, 1979
 6. Depository Institutions Deregulation and Monetary Control Act of 1980
- SEE HANDOUT 7, CHART OF U.S. CREDIT REGULATION IN BRIEF

B. Major provisions in these laws

1. Information required on credit contracts
2. Credit bureau files and credit rating reporting
3. Settlement of billing errors and disputes, procedures
4. Access to credit and collection practices
5. Bankruptcy provisions and procedures

C. The Credit Contract—a legal document outlining the rights and responsibilities of both the creditor and the borrower.

1. Information to be checked on the loan contract includes:
 - a. Borrower's name and address
 - b. Lender's name and address
 - c. Cash price of item to be purchased
 - d. Amount of downpayment
 - e. Total amount to be financed—cash price minus down payment
 - f. Total amount owed, including the amount financed and all fees, including processing and insurance fees
 - g. Annual percentage rate of interest. This figure allows borrower to compare interest rates among various lenders.
 - h. Number of payments to be made
 - i. Amount of each payment
 - j. Due date of each payment
 - k. Penalty if borrower misses a payment
 - l. Penalty if borrower pays off the loan ahead of schedule
2. A borrower should never sign a contract without understanding all of the terms of the contract. All parts of the contract should be filled in before the borrower signs.

VII. Dealing with Debt Problems

A. Signs of debt problems—danger signals

1. Household is making the minimum payment on its revolving charge accounts.
2. Household takes out new loans to pay off or consolidate old loans.
3. Late payment notices frequently come in the mail.
4. No emergency fund available for unexpected expenditures or loss of income.
5. Household members worry about money and have frequent arguments over the use of money.

B. Where to go for help regarding debt problems

1. Contact the creditors, explain the situation and ask their assistance in working out the debt.
2. Non-profit credit counseling services
3. Community agencies and services including
 - a. Bank
 - b. Credit Union
 - c. Finance Company
 - d. Church

SPENDING AND BORROWING FINANCIAL RESOURCES

- e. Legal Aid Society
- f. Labor Union community service counselor
- g. County home economics extension agents
- h. Employer's personnel department
- i. Military debt counseling services
- j. Family Service Agency

VIII. Building a Favorable Credit Rating and Credit History

A. Creditworthiness—desirable characteristics of a borrower

1. Character—willingness to repay, history of paying bills on time rather than late.
2. Capacity—ability to make loan payments. Many lenders find their greatest losses have been to people who have been employed for less than two years.
3. Collateral—what kinds of property do you own that could be repossessed if you don't make the payments.

B. Credit Report and Credit History

1. Your credit report—the credit reporting service collects information on your bill-paying habits and sells this information to businesses and individuals such as landlords, employees, lenders & insurance agents.
2. The consumer, through the Fair Credit Reporting Act, has a right to
 - a. Know the name and address of any credit reporting service which supplied reports used to deny credit.
 - b. Know what is in his or her credit file.
 - c. Have incorrect information reinvestigated and removed from the file.
 - d. Have individual's version of disputed item placed in the file and sent to certain businesses or creditors.
3. Establishing or re-establishing a credit history
 - a. Open a checking, share draft or savings account in your own name.
 - b. If you have a regular income, apply at one local department store for a charge account in your name. When you get the account, make small regular purchases and pay on time each month.
 - c. If you have collateral or savings, take out a secured loan at your credit union or bank, and repay promptly.
 - d. Credit unions often make small unsecured loans to new members.
 - e. Get a friend or relative to co-sign a loan with you, remembering that creditors can collect from co-signers when borrowers do not pay.

IX. Summary—Intelligent use of credit requires careful planning. An individual or family's spending plan should be based on financial goals and needs. Borrowing money can help individuals temporarily raise their level of living, but mismanagement of credit can lead to serious financial problems.

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SCHEDULE OF ACTIVITIES

Approx. Time ¹	Activity	Materials
5 minutes	Introduce the topic • Pass out Handout 1. • Comment briefly on the objectives of this session.	Handout 1 "Objectives of this Session"
15 minutes	Warm up exercise • Pass out Handout 2. • Have participants complete the inventory and discuss questions or issues that arise.	Handout 2 "Spending and Borrowing Awareness Inventory"
45 minutes	Presentation and exercises • Comment on individual and family spending patterns over the life cycle; stress variation among individuals and families and changes over time. • Relate spending to personal and family values and goals; refer to the handout on Personal and Family Financial Goals from Session II. • Cover rights and responsibilities of consumers. • Relate purchasing power to economic factors. • Pass out Handout 3; stress the need to analyze current obligations before assuming new debts. • Point out factors to be considered when making credit decisions; relate credit/debt to future needs and responsibilities and future income potential. • Pass out Handout 4; stress need for comparison shopping when deciding where to borrow (credit union, bank, credit card, loan company, installment contract, etc.); provide current data on three different credit sources in your area; participants will use these data to complete the handout. • Discuss consumer credit laws, debt problems, and the building of a favorable credit rating and credit history	Handout 3 "Can You Afford More Debt?" Handout 4 "Comparing Credit Costs"
25 minutes	View presentation on credit • Filmstrip and cassette. • Discuss major credit concepts presented; have participants note student activities, teaching techniques, and resources.	Filmstrip "Credit: Handle With Care"
10 minutes	Break	

¹Time allocations suggested here are only approximations. Workshop leaders should make adjustments when appropriate.

SCHEDULE OF ACTIVITIES

Approx. Time	Activity	Materials
45 minutes	Current issues related to spending and borrowing • Guest speaker or panel to present one of the following: rights and responsibilities of borrowers, bankruptcy laws, usury laws, monetary policy, spending pattern changes, etc.; possible speakers: bank loan officer, credit bureau manager, legislator, credit counselor, extension agent, etc. • Speaker or panel to respond to questions from participants; open discussion	
15 minutes	Applying spending and borrowing data in a plan • Pass out Handout 5; ask participants to read it and write their comments on the second page. • Discuss the elements of a plan for spending and borrowing; stress the need to anticipate future needs and resources and to make current spending and borrowing decisions that do not unduly obligate future income.	Handout 5 "The Hunts of Capitol City"
20 minutes	Session summary • Pass out Handout 6. Indicate that this handout should be filled out and brought to Session VII where it will be used. • Pass out Handout 7; explain that it contains background materials that will assist the participants in teaching this topic to their own students. • Ask: How can this material be taught to high school students? • Lead a discussion on teaching strategies and useful classroom activities that will integrate PFFP concepts with the curriculum. • Ask participants to complete Workshop Session Evaluation Form and to leave the forms at some place in the room. • Leave the room before they begin to fill out the evaluation form.	Handout 6 "Financial Planning Teaching Ideas" Handout 7 "Suggestions and Resources for Secondary School Teachers" Session Evaluation Form

SCHEDULE OF ACTIVITIES

Preparing for this Session

Here is a checklist of materials and teaching aids that you will need to conduct this session.

1. Filmstrip projector and audio playback unit (check to make sure they work)
2. Screen
3. The filmstrip presentation "Credit: Handle With Care" (1981 Media Kit, Household Finance Corporation)
4. Briefing session with guest speaker or panel members, to include:
 - a. Discussion of the goals of the session and the approach the speaker or panel will take
 - b. Information on the participants (educational background, age, occupation and income, interests, etc.) for the speaker or panel
 - c. A clear understanding of the time allotted for this activity
 - d. An agreement about the procedure for handling questions and comments during and after the presentation
 - e. Arrangements for any special material or equipment the speaker panel may need
5. Copies of the following handouts for each participant:
 - Handout IV/1 - Objectives of this Session
 - Handout IV/2 - Spending and Borrowing Awareness Inventory
 - Handout IV/3 - Can You Afford More Debt?
 - Handout IV/4 - Comparing Credit Costs
 - Handout IV/5 - The Hunts of Capitol City: A Financial Planning Case Study
 - Handout IV/6 - Financial Planning Teaching Ideas
 - Handout IV/7 - Suggestions and Resources for Secondary School Teachers
6. Copies of the Workshop Session Evaluation Form for each participant. (See the Instructor's Manual for a copy of this form that can be reproduced.)

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OBJECTIVES OF THIS SESSION

HANDOUT

IV/1

The participants will gain understanding and competence in teaching high school students to:

1. Describe ways individual and family spending patterns will change to meet differing circumstances throughout the life cycle.
2. Identify guidelines for making decisions when buying goods and services to achieve goals.
3. Discuss the impact of inflation or unemployment on individual and household spending.
4. Explain how individuals and families can use credit to bridge gaps between income and needs over the life cycle.
5. Discuss factors to consider when making credit decisions, whether to use credit, and credit types, sources and costs.
6. Describe existing laws that impact on consumer credit availability and costs.
7. Identify danger signals that warn of debt problems, and suggest ways of dealing with the problem.
8. List steps individuals can take to build a favorable credit history and credit rating.
9. Understand the concept and implications of credit/borrowing; namely, using future income to meet current needs.
10. Understand responsibilities associated with credit/borrowing that derive from the fact that future income is already obligated and will not be available for future needs.

SPENDING AND BORROWING AWARENESS INVENTORY

HANDOUT

IV/2

Indicate your responses to the following questions:

Yes **No**

1. Do you spend money on impulse, then wish you had spent that money for something more important to you? ___ ___
2. Have you made a written list of your financial goals, needs and wants? ___ ___
3. Do you put some money aside regularly for future spending needs? ___ ___
4. Do you have money readily available for the unexpected extras? (emergency fund for fun or crisis?) ___ ___
5. Do you compare value and prices for most things before you buy? ___ ___
6. Describe the last "unwise" purchase you made.
How will you avoid making the same mistake again? ___ ___

7. Have you ever really shopped for credit? ___ ___
8. Do you know how to determine the percentage rate and the actual dollar cost when you use credit? ___ ___
9. Can you list the major provisions of the *Truth in Lending Act* of 1968? ___ ___
10. Do you know your rights under the *Bankruptcy Act* of 1978? ___ ___
11. What advice would you give to an 18-year-old who wishes to establish a favorable credit record? ___ ___

12. List factors that should be considered when deciding whether or not you can afford to buy on credit. ___ ___

CAN YOU AFFORD MORE DEBT?

HANDOUT

IV/3

Individuals and families sometimes have difficulty deciding whether they can afford more debt. This worksheet will help you analyze your household's current debt obligations. Compare your current debt loan and your take-home income and predict future obligations before you assume more debts.

The amount of credit you can safely assume depends on income, living expenses and other future obligations. Limit your borrowing to the amount you can pay comfortably out of current and future income.

LOAN (Product or Service)	A	B	C	D	E
	Source of Credit	Annual Rate of Interest	Amount Owed	Months to Complete Paying	Current Monthly Payments
Credit Cards (VISA, stores, oil companies)					
Installment Loans (Car, Home Improvement, Other)					
Checking Account Overdrafts					
Education Loans					
Other Loans					

CAN YOU AFFORD MORE DEBT?

IV/3 continued

1. Total—column C (Amount currently owed). _____
2. Total—column E (Current monthly debt payments). _____
3. Total monthly take-home income (all sources). _____
4. Estimate monthly living expenses, based on records of current spending. _____
5. Estimate some amount to cover expected (e.g., a new car) or unexpected (e.g., a major illness) future expenses and divide by 12. _____
6. Add lines 4 and 5. _____
7. Subtract line 6 from line 3 to determine the amount left for payment of new debt obligations over the entire time of that debt. _____
8. Compare line 7 with line 2. _____

Questions you may ask:

Yes No

1. Do I need to make this purchase now? _____
2. Is the item important to my long-term financial goals? _____
3. Are most of my debts nearly paid off? (See Column 3) _____
4. Will the new debt payments cut into my savings plan? _____
5. Would it be better to save and pay cash for the item? _____
6. Have I shopped around for the best deal on the item I wish to purchase? _____
7. What did you decide? _____

COMPARING CREDIT COSTS

HANDOUT

IV/4

Comparison shopping is important when deciding where to buy credit. This worksheet will help you compare the cash price of the item as well as interest and other finance charges.

Product or service I am considering _____

	Source A	Source B	Source C
Cash Price, Including Tax			
Down payment, if required			
Annual Percentage Interest Rate			
Total Finance Charges			
Monthly Payment			
Number of Payments			
Total Amount (Cash price plus credit costs)			

1. Compare the cash prices. Where do you get the best deal if you pay cash?

2. Compare the total amount to be paid. Where do you get the best deal?

THE HUNTS OF CAPITOL CITY A FINANCIAL PLANNING CASE STUDY

HANDOUT **IV/5**

The Hunt family likes to say in their Christmas letter that they are living "the good life" in their cozy, middle-class development just across town from the state capitol where Mr. Hunt works. He is in his early 50's and is a mid-level state government executive with 15 years' seniority. Now earning a salary of \$48,000, Hunt is considered a very good public servant who is likely to move up somewhat in his agency. He carries \$100,000 in decreasing term insurance and \$50,000 in whole life. Besides gardening, he has few interests. There is a history of heart trouble in his family.

Mrs. Hunt, in her late 40's, is a housewife who taught school for three years before their marriage. She is in good health, heavily involved in her church's activities, has no life insurance, likes to frequent the better stores and shops in Capitol City, and proudly carries her seven credit cards wherever she goes.

The oldest child in the family is a girl, 16, who is beginning to talk of attending an expensive private college upstate. The boy, age 14, is mainly interested in sports and shows promise of being an excellent high school and college basketball player.

The Hunts live in a 15-year-old house which they bought 12 years ago and on which they still owe \$36,000 (8-1/2% mortgage). Their 11-year-old station wagon has 125,000 miles on it and Mr. Hunt drives a slightly faded but servicable VW to work. He keeps saying that soon they will need a new family car. Each month he brings home about \$2,470 until September when he reaches FICA maximum. Then he brings home \$2,738. It is spent like this: \$370 mortgage, \$200 utilities, \$190 transportation, \$300 food, \$290 charge accounts, \$200 household and upkeep, \$150 all other expenses.

Assume that you have been asked to advise the Hunts on their financial situation. Jot down your comments below.

1. What are the strong points in their situation?

2. What are the weaknesses in their situation?

3. What kinds of questions should the Hunts be asking themselves about their present financial situation and about their future needs and resources?

THE HUNTS OF CAPITOL CITY, A FINANCIAL PLANNING CASE STUDY

IV/5 continued

4. What can the Hunts do to maximize the strengths
of their financial situation?

5. What can the Hunts do to minimize the
weaknesses of their financial situation?

FINANCIAL PLANNING TEACHING IDEAS

HANDOUT

IV/6

Directions:

Develop an idea for teaching financial planning at the secondary level. The idea should relate to information provided in this workshop session.

Title of idea or topic _____

Estimated teaching time _____

Learning objective(s) _____

Content, concepts, generalizations, etc.

Teaching methods, activities, worksheets

Suggested resource materials

Your name _____ Date _____

LIFE STAGE — 13-17 YEARS

Unique Financial Tasks	
Common Financial Errors	
Desirable Outcomes	
Ideas for Teaching	

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

HANDOUT

IV/7

This session contains references and other sources of information about personal and family financial planning that will be useful in providing background information on this topic. In addition, you will find a number of classroom activities appropriate for use with high school students.

Adult Financial Management Matrix, Parts I and II, American Council of Life Insurance.

Posters suitable for display in the classroom that outline financial tasks, common errors, and designed outcomes in financial management at various stages of the life cycle. Free in limited quantities.

Families Taking Responsibility for Financial Planning, American Council of Life Insurance.

A reference for both teachers and students that outlines changing values and attitudes within the family and relates this to financial planning. Free in limited quantities.

The Resourceful Ones: A Systematic Approach to Financial Planning, American Council of Life Insurance.

Four color filmstrips with audio cassette, teacher's guide and classroom worksheets. Each filmstrip is approximately 12 minutes in length. \$25.00.

Credit: Handle with Care, media kit including teacher's guide, filmstrip and cassette. Available from Money Management Institute, Household Finance Corporation, 2700 Sauders Road, Prospect Heights, Illinois, 60070, 1981.

Choices and Decisions: Becoming a Wise Consumer, American Council of Life Insurance. Four color filmstrips with either cassette or record, teacher's guide and classroom worksheets for duplication. Each film strip is approximately 12 minutes in length. \$25.00—specify record or cassette.

Caplovitz, David. *Making Ends Meet: How Families Cope with Inflation and Recession*. Beverly Hills, CA: Sage Publications, 1979.

Consumer Handbook to Credit Protection Laws, Federal Reserve System, Washington, DC, 20551, 1980.

Federal Trade Commission, 6th and Pennsylvania Avenue, NW, Washington, DC 20580. Publications free in limited quantities:

Equal Credit Opportunity Act

Fair Credit Billing Act

Fair Credit Reporting Act

Fair Debt Collection Practices Act

Finance Facts Yearbook, National Consumer Finance Association, 1000 16th Street, NW, Washington, DC 20036. An annual publication with valuable facts about consumer financial behavior. Cost to non-members: \$8.50.

Money Management, Your Shopping Dollar, Available from Money Management Institute, Household Finance Corporation, 2700 Sauders Road, Prospect Heights, Illinois 60070, 1980. Cost: \$.50.

Money Management, Managing Your Credit, Available from Money Management Institute, Household Finance Corporation, 2700 Sauders Road, Prospect Heights, Illinois 60070, 1978. Cost: \$.50.

Troelstrup, Arch, E. Carl Hall, *The Consumer in American Society: Personal and Family Finance*. New York: McGraw-Hill, 1978.

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

IV/7 continued

Urban Family Budgets— Autumn 1980

The Bureau of Labor Statistics has updated to autumn 1980 its three hypothetical annual budgets for an urban family and the comparative indexes for selected urban areas. This updating reflects changes in prices and personal taxes from autumn 1979 to autumn 1980.

In autumn 1980, the U.S. average cost of the lower budget for an urban family of four was \$14,044 a year; the intermediate level, \$23,134, and the higher level, \$34,409 (see table). These budgets represent an increase in cost of the total budget over autumn 1979 of 11.6 percent for the lower budget, 12.8 percent for the intermediate budget, and 13.5 percent for the higher budget. These are the largest increases since 1974. The intermediate and higher budgets rose more than the lower budget in 1980 because of large increases in taxes and homeowner costs.

With the exception of housing and taxes, costs went up about the same for each budget level. Personal income taxes and transportation costs showed the largest

increase and clothing the smallest increase. Housing increased more in the two higher budget levels than in the lowest level because homeowner costs, which are included only in the intermediate and higher budgets, increased more than rental costs. Personal income taxes rose more at the lower budget level; however, the impact of the increases is more pronounced at the higher levels because taxes constitute a larger share of the total budget at these levels.

The budgets represent the costs of three hypothetical lists of goods and services that were specified in the mid-sixties to portray three relative standards of living. The hypothetical urban family of four is defined as a 38-year-old husband employed full time, a nonworking wife, a boy of 13, and a girl of 8.

Annual Budgets For a 4-person Family at 3 Levels of Living, Urban United States, Autumn 1980

	Lower	Intermediate	Higher
Total budget	\$14,044	\$23,134	\$34,409
Total family consumption	11,243	16,969	23,266
Food	4,321	5,571	7,024
Housing	2,608	5,106	7,747
Transportation	1,160	2,116	2,751
Clothing	907	1,292	1,888
Personal care	352	471	668
Medical care	1,298	1,303	1,359
Other family consumption	597	1,109	1,829
Other items	583	957	1,610
Social Security	881	1,427	1,608
Personal income taxes	1,337	3,781	7,924

Source: Department of Labor, Bureau of Labor Statistics, 1981, autumn 1980 urban family budgets and comparative indexes for selected urban areas, News USDL 81-195.

Note: Because of rounding, sums of individual items may not equal totals.

Source: Department of Labor, Bureau of Labor Statistics, 1981, Autumn 1980 urban family budgets and comparative indexes for selected urban areas, News USDL 81-195. To insure that you have current data, it is suggested that you consult the most recent U.S. Department of Labor publications.

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

IV/7 continued

Annual Budget for Urban Family of Four—Autumn, 1980

	Lower	Intermediate	Higher
Total budget	\$14,044	\$23,134	\$34,409
Total family consumption			
Food	31%	24%	20%
Housing	19%	22%	23%
Transportation	8%	9%	8%
Clothing	6%	6%	5%
Personal Care	3%	2%	2%
Medical Care	9%	6%	4%
Other Consumption	4%	5%	5%
Other items	4%	4%	5%
Social Security	6%	6%	5%
Personal income taxes	10%	16%	23%

Source: Calculated from information provided by the U.S. Department of Labor, Bureau of Labor Statistics, 1981.

Legislation

Chart of U.S. Credit Legislation in Brief

Since 1968 consumer protection laws have dramatically changed credit practices. The laws regulating the credit industry are outlined in the following chart. Basically, these laws govern:

- information required in credit contracts and agreements
- information kept on file in credit bureaus and the reporting of it
- billing procedures and settlement of billing errors and disputes
- access to credit
- collection practices
- bankruptcy provisions and procedures
- types of credit and other services offered by different financial institutions

Act (date effective)	Major Provisions
Truth in Lending (July 1, 1969)	• Provides specific cost disclosure requirements for the annual percentage rate and the finance charge as a dollar amount • Requires disclosure of other loan terms and conditions • Regulates the advertising of credit terms • Provides the right to cancel a contract when certain real estate is used as security
(January 25, 1971)	• Prohibits credit-card issuers from sending unrequested cards • Limits a cardholder's liability for unauthorized use of a card to \$50
Fair Credit Reporting Act (April 24, 1971)	• Requires disclosure to consumers of the name and address of any consumer reporting agency which supplied reports used to deny credit, insurance or employment • Gives a consumer the right to know what is in his file, have incorrect information reinvestigated and removed, and include his version of a disputed item in the file • Requires credit reporting agencies to send the consumer's version of a disputed item to certain businesses or creditors

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

IV/7 continued

	● Sets forth identification requirements for consumers wishing to inspect their files ● Requires that consumers be notified when an investigative report is being made ● Limits the time certain information can be kept in a credit file
Fair Credit Billing Act (October 28, 1975)	● Establishes procedures for consumers and creditors to follow when billing errors occur on periodic statements for revolving credit accounts ● Requires creditors to send a statement setting forth these procedures to consumers periodically ● Allows consumers to withhold payment for faulty or defective goods or services (within certain limitations) when purchased with a credit card ● Requires creditor to promptly credit customer's accounts and to return overpayments if requested
Equal Credit Opportunity Act (October 28, 1975)	● Prohibits credit discrimination based on sex and marital status ● Prohibits creditors from requiring women to reapply for credit upon a change in marital status ● Requires creditors to inform applicants of acceptance or rejection of their credit application within 30 days of receiving a completed application ● Requires creditors to provide a written statement of the reasons for adverse action
(March 23, 1977)	● Prohibits credit discrimination based on race, national origin, religion, age or the receipt of public assistance
(June 1, 1977)	● Requires creditors to report information on an account to credit bureaus in the names of both husband and wife if both use the account or both are liable for it
Fair Debt Collection Practices Act (March 1978)	● Prohibits abusive, deceptive and unfair practices by debt collectors ● Establishes procedures for debt collectors contacting a credit user ● Restricts debt collector contacts with a third party ● Specifies that payment for several debts be applied as the consumer wishes and that no monies be applied to a debt in dispute
	(Businesses handling their own collections are not covered under this Act.)
Bankruptcy Act of 1978 (October 1, 1979)	● Provides for the discharge of debts, under the jurisdiction of the bankruptcy court through the the sale of assets not exempted by law and distribution of the proceeds to creditors (straight bankruptcy) ● Specifies debts which may not be discharged, such as child support, alimony, back taxes ● Allows debtors to retain certain assets, including: - up to \$7,500 equity in property used as a residence and up to \$1,200 in a motor vehicle - up to \$200 interest in each item of clothing, household goods, animals or musical instruments - an additional \$400 interest in personal property and \$500 in jewelry - up to \$750 worth of implements, books or tools of the trade and all professionally prescribed health aids
	(All dollar amounts double for husband and wife filing jointly)
	● Permits debtors to receive full payments from social security, veterans' benefits, unemployment compensation, alimony, pensions ● Allows debtors to redeem personal property pledged as security or purchased on time at market value, rather than paying the full amount owed

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

IV/7 continued

- Provides for Chapter 13 adjustment of debts as an alternative to straight bankruptcy. Provisions include:
 - court supervision of a payment plan in which debts are extended up to five years and/or reduced by the court
 - full payment of obligations in the amount and under the terms redefined by the court and agreed upon by creditors
 - retention of all assets, in most cases, by the debtor

Depository
Institutions
Deregulation
and Monetary
Control Act of 1980
(Over a six-year
period)

- Eliminates controls and ceilings on interest rates paid on deposits by banks and savings institutions
 - Authorizes interest-bearing checking accounts and automatic funds transfer services
 - Empowers savings and loan associations to handle trusts, offer credit cards and make consumer and commercial loans
 - Imposes Federal Reserve Board reserve deposit requirements on most banks and depository institutions
 - Raises federal insurance on deposits in financial institutions from \$40,000 to \$100,000 per account
 - Reduces capital gains tax rates on inherited property
 - Removes state ceilings on mortgage and mobile home interest rates, unless states object within three years
 - Gives other depository institutions equality with national banks
-

Source: Credit: Handle With Care Teachers Guide. Prospect Heights, IL:
Money Management Institute, Household Finance Corporation, 1981.

SESSION V

SESSION V

SAVING AND INVESTING FINANCIAL RESOURCES

(3 hours)

Introduction

Two essential aspects of personal and family financial planning are saving and investing. Both are important in the attainment of financial goals, and both reflect the values and needs of an individual or a family.

There are some features that distinguish between saving and investing. Savings are funds that can be utilized to meet unanticipated financial needs (for example, unemployment or illness) as well as predictable future expenses (for example, an annual insurance premium, a new car, the cost of sending a child to college).

Generally, savings are funds maintained in low risk circumstances that can be converted to cash for immediate use without suffering a loss of value through penalties. On the other hand, investments are a means of increasing financial resources through return on money that is not needed for immediate purposes. Normally a higher degree of risk is involved than is the case with savings.

Just as in all other aspects of personal or family finance, saving and investing activities vary as circumstances change during different stages of the life cycle. A sound financial plan will assist individuals and families anticipate and prepare for these changing conditions.

There are many saving and investing alternatives available to individuals and families, and knowledge of these instruments and institutions will assist in making sound financial plans. In like manner, there are many sources of information and assistance that individuals and families may call upon to aid them in formulating plans.

An understanding of the elements of savings and investing—safety of principal, liquidity, yield, stability of income, growth, tax advantage, and diversification—is an important first step in laying out a program for the attainment of financial goals. Beyond this there are a number of general principles that can guide individuals and families as they develop and evaluate their savings and investment plans.

This session of the workshop is designed to introduce you to these ideas about savings and investing.

Competencies and Basic Generalizations

This session on saving and investing financial resources provides experiences leading to the attainment of two financial planning competencies. Remember, these are long-range, terminal goals which may not be attained in the limited time available in this session. They are:

1. Implement a financial plan to meet short- and long-term goals by applying principles of effective spending, borrowing, investing, saving, and sharing. (This session treats only saving and investing.)
2. Evaluate and modify a financial plan to meet changes in the household situation (family) and in relation to outside social and economic conditions.

A number of basic generalizations about financial planning are relevant to these competencies. They are:

1. Saving is the setting aside of money or other financial resources from present income or ownership for use in the future.
2. Saving involves the postponement of present consumption in order to achieve future financial goals.
3. Saving and investing goals differ among individuals and are affected by changing circumstances and stages in the life cycle.

SAVING AND INVESTING FINANCIAL RESOURCES

4. Investing involves the outlay of funds for the purpose of financial return. Investing may also include spending for education and employability skills, or for real estate and other durable goods.
5. Investments vary in *safety*, or risk of loss, *liquidity*, or ease with which they can be converted into cash, and *yield*, or the rate of earning on the investment. These factors are important when selecting among saving and investing alternatives.
6. For most people, the degree of financial security in each stage of the life cycle is related to the quality of saving and investing planning done in previous stages of the life cycle.
7. Savings are used mainly for large, predictable but irregular expenditures, for emergencies, and for down payments on costly goods and services.
8. Planning the use of savings for special purposes or anticipated expenses protects these resources from use on impulsive or low priority purchases.

Objectives

This session will help participants gain understanding and competence in teaching high school students to:

1. Describe the role of saving and investing in personal and family financial security through the life cycle.
2. Identify savings and investment alternatives.
3. Explain how the degree of risk, yield and liquidity influence saving and investment decisions.
4. Determine sources of financial information related to saving and investing decisions.
5. Develop a plan for saving and investing, based on personal and family values and goals, and on future financial needs and responsibilities.
6. Revise the savings and investment plan in view of changes in family goals, income and stage in the life cycle.

Content Outline

To assist you in better understanding the topics of saving and investing financial resources, the following outline of content is provided:

- I. The role of saving and investing in personal and family financial planning
 - A. Saving is essential in order to reach financial goals. Examples include:
 1. Down payment on car or house
 2. Saving in order to collect funds for investing
 3. Saving for short-term goals such as vacation, a stereo, a bicycle
 - B. Savings provide a buffer for emergencies
 1. For use when monthly expenses exceed income
 2. Short-term protection against loss of purchase power due to illness or unemployment
 3. Unanticipated expenses
 4. A rule of thumb—saving emergency fund should equal three to six months of after-tax income
 - C. Difference between savings and investments
 1. Savings provide funds to meet short term needs, including financial emergencies, and large, predictable but irregular expenses.

SAVING AND INVESTING FINANCIAL RESOURCES

2. Objectives of a saving program should be safety or low risk of dollar loss, and liquidity, or ease of converting savings to cash without penalty.
 3. Investment objectives are more long-term, involving the outlay of funds for financial return.
 4. Money invested should be money for which there is no immediate need.
 5. Investment objectives usually allow for greater risk than savings, with the potential for greater yield.
- D. Changes in saving and investing role in the financial planning occur at different stages of the life cycle
1. Young adults—invest in education, begin a savings program for down payment on car and other durable goods. A small but regular savings program can broaden into an investment program as income increases
 2. Beginning family—saving for housing, furnishings, short-term goals. May begin an investment program for meeting long-term goals
 3. Growing family—savings may be limited due to demands on income as family grows. Investments may take form of home ownership
 4. Contracting family—savings and investments may grow as family obligations lessen and income remains high. Time to concentrate on investment program for retirement years.
 5. Retirement years—degree of financial security in this stage often related to the quality of saving and investment planning done in previous stages of the life cycle

II. Saving and Investing Alternatives

A. Savings Institutions

1. Commercial banks
2. Mutual savings banks
3. Savings and loan associations
4. Credit unions

B. Savings Instruments

1. Passbook savings accounts
2. Certificates of Deposits
3. N.O.W. accounts—checking accounts that pay interest
4. U.S. Saving Bonds—safe but low rate of return
5. Life insurance policy—cash value
6. Money market mutual funds—both savings and temporary investment
7. Credit union accounts
8. Payroll deduction
9. Pension and supplemental pension plans

C. Investment Alternatives

1. Invest in yourself—education and employment skills. Returns include:
 - a. greater earning power
 - b. more likely to achieve desired lifestyle
 - c. increased personal satisfaction and economic security

SAVING AND INVESTING FINANCIAL RESOURCES

2. Invest in assets to produce income and/or growth

- a. Bonds—certificate representing money loaned to a government or business. Bonds earn interest
- b. Stocks—certificates representing ownership shares in a company
 - 1) preferred stock—pays dividends at a stated rate. Less risk than common stock
 - 2) common stock pays dividends at a fluctuating rate. Greater risk than a preferred stock or a bond. Potential for greater yield
- c. Mutual funds—includes money market funds. Pooled assets of individual shareholders.
- d. U.S. Securities—notes, bills, bonds
- e. Property—a home or residential and commercial rentals
- f. Business ventures
- g. Deferred annuities

III. Sources of Information about Saving and Investments

- A. Current Newspapers, Periodicals—business and finance sections of newspaper, *Wall Street Journal*, *Business Week*, *Money*, *Standard and Poor's Stock Report*, *Stock Guide*, and *Weekly Outlook*. Available in many public libraries.
- B. Company information—corporate and government perspectives and annual reports
- C. Professional financial advisors—brokers, bankers, tax accountants, life insurance sales representatives, certified financial planners, tax attorneys, and registered investment advisors
- D. Courses of financial management in high schools, colleges, adult and community education
- E. Publications from Cooperative Extension Service, public library, trade associations, community education, investment clubs

IV. Prerequisite to Investing

- A. Adequate checking and savings to meet short-term goals and serve as an emergency fund
- B. Adequate life, health, property and liability insurance protection (risk management)
- C. Adequate housing
- D. Manageable installment debt
- E. A plan for accumulating money to invest

V. Financial Goals Influence Investment Decisions

Examples of financial goals include:

- A. Safety of principal—minimal risk of loss
- B. Liquidity—ease with which the investment can be converted into cash without loss
- C. Yield—rate of financial return on investment
- D. Stability of income—regular payment of interest or dividends
- E. Growth—an increase in the value of the investment over time
- F. Favorable tax advantage
- G. Diversification in order to reduce risk

VI. Guide for Developing and Evaluating Saving and Investment Plans

- A. Saving requires discipline—"pay yourself" by saving regularly in order to meet short-term financial goals.

SAVING AND INVESTING FINANCIAL RESOURCES

- B. Select a savings institution that offers the highest yield for the shortest period of time, other factors being equal.
- C. Select a savings method that pays the highest interest from day of deposit to day of withdrawal, other factors being equal.
- D. Remember that all investments carry some risks as well as possible rewards.
- E. High yield investments often carry greater risk of financial loss.
- F. Investments which have safety, stability and liquidity often earn a relatively low rate of return.
- G. As in other decisions, investment decisions involve opportunity costs and trade-offs among goals.
- H. An overall investment objective is to earn the maximum possible rate of return consistent with the level of risk you are willing to assume.
- I. There is no one best place to invest.
- J. Diversification is an effective way to minimize risk. Spread investments among several types of securities and industries.
- K. Review and modify your investment program regularly to be sure it continues to meet your overall objective—maximum return consistent with the risk you're willing to assume.

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SCHEDULE OF ACTIVITIES

Approx. Time ¹	Activity	Materials
10 minutes	Introduce the topic. • Pass out Handout 1. • Comment on objectives and generalizations about saving and investing. • Review the six financial planning competencies and emphasize the two relevant to this session.	Handout 1 "Objectives of this Session"
30 minutes	View filmstrip, "Consumer Skills: Saving and Investing, Part I" • Introduce the filmstrip by indicating it will present information on various types of saving plans, saving institutions, and concepts related to saving. • After viewing the filmstrip, base the discussion on these questions, quoted with permission by the publisher: 1. Name some typical short and long-term savings goals. 2. What factors determine the type of savings plan an individual should have? 3. What factors determine the amount of money one should have in an emergency fund? 4. What are some ways of saving "automatically"? 5. What are the similarities and differences between a savings bank, a savings and loan association, a credit union, and a commercial bank? 6. What are the advantages and disadvantages of saving at a commercial bank as opposed to saving at other institutions? 7. How can you tell if a savings account is insured? 8. What are the pros and cons of investing money in a savings certificate or certificate of deposit? 9. What is meant by the term, compound interest? 10. What method of compounding interest is most advantageous to the consumer? Least advantageous? 11. What is a grace period? Why is it considered advantageous to the consumer? 12. What types of savings accounts have penalties associated with withdrawals?	Filmstrip and cassette

¹Time allocations suggested here are only approximations. Workshop leaders should make adjustments when appropriate.

SCHEDULE OF ACTIVITIES

Approx. Time	Activity	Materials
	13. What information should the consumer have before opening a savings account?	
10 minutes	Evaluating savings plans ● Introduce the idea of "comparison shopping" for the best deal in a savings program. ● Discuss questions to ask about a savings plan provided on Handout 2.	Handout 2 "Where to Save"
30 minutes	Presentation on saving and investing covering the following areas: (see content outline provided) ● The role of savings and investing in PFFP ● Life cycle changes in saving and investing ● Sources of information about saving and investing ● Prerequisites to investing ● Influence of financial goals on saving and investing ● Guidelines for saving and investing plans	
10 minutes	Break	
30 minutes	View filmstrip, "Consumer Skills: Savings and Investing, Part II" ● Introduce the filmstrip by indicating it will define terms related to investing, explain various types of investments, and suggest how investors can secure assistance in making wise decisions. ● After viewing the filmstrip, base the discussion on these questions, again quoted with permission. 1. What do the terms risk, liquidity and yield mean in terms of investing money? 2. How can money spent in obtaining an education be considered an investment? 3. What is often considered the relationship between investment risk and investment yield? 4. What is an investment club? 5. What is the difference between a corporate stock and a corporate bond? 6. What are some ways of learning about investing? 7. What steps should one take before investing money? 8. How can a stock broker help an investor? 9. What investments are most liquid? Least liquid? 10. What are the risks associated with a real-estate investment? 11. What are some reasons for investing in common stocks? Preferred stocks?	Filmstrip and cassette

SCHEDULE OF ACTIVITIES

Approx. Time	Activity	Materials
	12. What is the difference between dividends and interest? 13. Why are most collectibles a high-risk investment? 14. What are mutual funds, and why might an individual with a small amount of money consider them for investment purposes?	
15 minutes	Life cycle factors ● Introduce the idea that changes which occur in various stages of the life cycle affect both saving and investing decisions. ● Pass out Handout 3. ● Ask participants to complete the chart.	Handout 3 "Saving and Investing Over The Life Cycle"
15 minutes	Investment practices ● Explain to participants that they will now do small group work on this topic. ● Designate the small groups or have participants count off by fours to constitute the groups. ● Give them 10 minutes to discuss the handout item assigned to each group. ● Ask one member of each group to report on what the group decided about the situation it considered.	Handout 4 "Factors Influencing Investment"
20 minutes	Session summary Pass out Handout 5. ● Indicate that this handout should be filled out and brought to Session VII where it will be used. ● Pass out Handout 6 and tell the participants it contains background material that will assist them in teaching this topic to their own students. ● Ask: How can this material be taught to high school students? Lead a discussion on teaching strategies and useful classroom activities that will integrate PFFP concepts with the curriculum. Pass out session evaluation form. ● Ask participants to complete Workshop Session Evaluation Forms and to leave the forms at some convenient place in room when they leave. ● Leave the room before they begin to fill out the evaluation form.	Handout 5 "Financial Planning Teaching Ideas" Handout 6 "Suggestions & Resources for Secondary School Teachers" Session Evaluation Form

SCHEDULE OF ACTIVITIES

Preparing for this Session

Here is a checklist of materials and teaching aids that you will need to conduct this session.

1. Filmstrip projector and audio playback unit (check to make sure they work)
2. Screen
3. The filmstrip presentation "Consumer Skills: Saving and Investing, Parts I and II" (Guidance Associates, Communications Park, Box 3000, Mt. Kisco, NY 10549, \$79.50, 1977)
4. Copies of the following handouts for each participant:
 - Handout V/1- Objectives of this Session
 - Handout V/2- Where to Save
 - Handout V/3- Saving and Investing Over the Life Cycle
 - Handout V/4- Factors Influencing Investment Practices
 - Handout V/5- Financial Planning Teaching Ideas
 - Handout V/6- Suggestions and Resources for Secondary School Teachers
5. Copies of the Workshop Session Evaluation Form for each participant

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OBJECTIVES OF THIS SESSION

HANDOUT

V/1

The participants will gain understanding and competence in teaching high school students to:

1. Describe the role of saving and investing in personal and family financial security through the life cycle.
2. Identify savings and investment alternatives.
3. Explain how the degree of risk, yield, and liquidity influence saving and investing decisions.
4. Determine sources of financial information related to saving and investing decisions.
5. Develop a plan for saving and investing, based on personal and family values and goals.
6. Revise the saving and investment plan in view of changes in family goals, income, and stage in the life cycle.

WHERE TO SAVE

A CHECKLIST OF QUESTIONS TO ASK BEFORE YOU DEPOSIT YOUR MONEY

This checklist is designed to help you get the information you need before you decide to deposit your savings dollars.

	<u>Yes</u>	<u>No</u>
1. Will my deposits be insured?	—	—
2. How often is interest compounded and credited?		
3. What is the effective annual percentage yield (API)?		
4. Are there any service charges or other kinds of charges that can be applied to my account?	—	—
5. Are there limits on where, how often or how much I can withdraw from my account?	—	—
6. Are there penalties for early withdrawal?	—	—
What are the penalties?		
How does this compare with the legal minimum?		
7. Are the savings rules printed in my passbook or elsewhere?	—	—
8. How often will I get a statement of deposits, withdrawals and earnings on my account?		
9. Are there automatic teller machines or other 24-hour convenience services at this institution?	—	—
10. Does the institution offer grace periods on deposit accounts?	—	—

SAVING AND INVESTING OVER THE LIFE CYCLE

HANDOUT

V/3

For most people, the degree of financial security in each stage of the life cycle is related to the quality of saving and investing planning done in previous stages of the life cycle.

Complete the following chart listing possible changes in saving and investing plans at different stages of the life cycle.

STAGE IN LIFE CYCLE	FACTORS AFFECTING SAVING AND INVESTING	SUGGESTIONS FOR SAVING AND INVESTING
	Example: small income	Example: Invest in education. Establish savings program.
High School Students		
Young Adults		
Beginning Family		
Growing Family		
Contracting Family		
Retirement Years		

FACTORS INFLUENCING INVESTMENT PRACTICES

HANDOUT

V/4

(You have 10 minutes to complete this activity)

This is an activity in which you will apply to specific situations the information you have learned about investing. Here is what you are to do:

1. Quickly select a chairperson who will make notes of your discussion and report to the entire group.
2. Read the situation that corresponds with the number of your group.
3. Agree on answers to the questions or on the information you are asked to provide.
4. Report your agreement to the entire group.

Group 1.

Over the last decade inflation has decreased the buying power of many people, and especially hurt those on fixed incomes. Looking ahead for the next 10 years, make a list of 5 or more reasons whether investing needs to be part of the secondary school curriculum.

Group 2.

Over the past few years financial institutions have made many changes in the services offered savers and investors. Anticipating continuing economic change and adjustments by financial institutions, what do you think secondary school students need to know about investing?

Group 3.

Currently all secondary school students take business education or other courses where they may learn about investing. What do you suggest as effective methods of teaching investing to secondary school students?

Group 4.

Many secondary school teachers have little if any training in teaching about investing. What resources can secondary school teachers use to effectively teach investing? Be explicit.

FINANCIAL PLANNING TEACHING IDEAS

HANDOUT

V/5

Directions:

Develop an idea for teaching financial planning at the secondary level. The idea should relate to information provided in this workshop session.

Title of idea or topic _____

Estimated teaching time _____

Learning objective(s) _____

Content, concepts, generalizations, etc.

Teaching methods, activities, worksheets

Suggested resource materials

Your name _____ Date _____

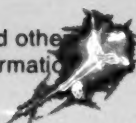
LIFE STAGE — 13-17 YEARS

Unique Financial Tasks	
Common Financial Errors	
Desirable Outcomes	
Ideas for Teaching	

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

HANDOUT **V/6**

This section contains references and other sources of information about saving and investing that will be useful in providing background information on this topic.



POPULAR BOOKS: (Background for Teachers and Students)

Porter, Sylvia, *Sylvia Porter's New Money Book for the 80's*, New York: Doubleday, 1979. \$24.95.

Quinn, Jane Bryant, *Everyone's Money Book*, New York: Dell Publishing Co., 1 Dag Hammarskjold Plaza, New York, NY 10017, 1979. \$14.95.

Tobias, Andrew, *The Only Investment Guide You'll Ever Need*, New York: Harcourt, Brace, Jovanovich, 1978.

Van Caspel, Venita, *The New Money Dynamics for the 80's*, Reston: Reston Publishing Co., Inc., Reston, VA, 1981.

HIGH SCHOOL AND COLLEGE TEXTBOOKS:

Amling, Frederick and William Droms, *Personal Financial Management*, Homewood: Richard D. Irwin, Inc., Homewood, IL, 1982, pp. 69-97 and 309-473. (college)

Daughtery, Ristau and DeBrum, *General Business for Economic Understanding*, South-Western Publishing, 5101 Madison Rd., Cincinnati, OH 45227, 12th edition, 1981. (high school)

Schiller, Margery K., *Personal and Family Finance*, Boston: Allyn and Bacon, Inc., Boston, MA, 1981, pp. 223-257. (adult)

MEDIA KITS, PAMPHLETS, TEACHING AIDS:

Consumer Skills: Saving and Investing, media kit with 2 filmstrips, cassettes, and discussion guide. Part I: Saving (15 minutes), and Part II: Investing (15 minutes). Guidance Associates, Communications Park, Box 3000, Mt. Kisco, NY 10549, \$79.50, 1977.

Your Savings and Investment Dollar, Money Management Institute, Household International, 2700 Saunders Rd., Prospect Heights, IL 60070, 1973, revised 1981.

You and the Investment World, Portfolio for Teaching Aids, New York Stock Exchange, 11 Wall Street, New York, NY 10005. Revised 1979.

FURTHER INFORMATION:

Current Periodicals:

Business Week
Changing Times
Money
Wall Street Journal
Newspaper (Business and Finance pages)

Local Resource People:

Bankers
Brokers
Credit Unions
Savings and Loan Representatives
Cooperative Extension Service Agents
College and University Faculty
Investment Club Representatives

SESSION VI

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PROTECTING AND SHARING FINANCIAL RESOURCES

(3 hours)

Introduction

Central to the topic of protecting and sharing financial resources is the idea of risk management. There are risks and hazards in everyday life, and there are methods that can reduce the impact of these risks and hazards. Financial planning can help minimize risks associated with persons, property, or liability. The field of personal and family financial planning offers various strategies to assist in managing risk.

Earlier we noted that every aspect of financial security tends to change over the life cycle. Change also occurs in the case of personal, property, and liability risks. Basic values and the attitudes people express toward self, family, work, law, and society influence the risks they take and in turn financial security is affected by these risks.

Insurance is one method of risk management which enables the burden of risk to be shared by many. There are, however, other ways of sharing that help individuals and families adjust to change and the negative results of risk. Taxes, contributions, and gifts are examples of sharing that serve this purpose. Resources shared in these ways are redistributed through public and private-sector agencies and organizations to promote social and economic well-being among individuals and families.

This session will focus on the elements of protection and sharing in planning for financial security.

Competencies and Basic Generalizations

This session on protecting and sharing financial resources provides experiences leading to the attainment of three competencies. It should be remembered that these are long-range, terminal goals which may not be attained fully in the limited time available in this session. They are:

1. Implementing the financial plan to meet short and long-term goals by applying principles of effective spending, borrowing, saving, investing, and sharing. (Emphasis here is on sharing resources.)
2. Evaluate and modify the plan to meet changes in the household situation (family) and in relation to outside social and economic conditions.
3. Assess all aspects of the plan in terms of potential financial risk in order to provide for protection of resources and wealth.

A number of basic generalizations about protecting and sharing financial resources are relevant to these competencies. They are:

1. Identifying and minimizing personal, property, and liability risks enhances personal and family financial security.
2. Personal, property, and liability risks change as roles, responsibilities, and needs change over the life cycle.
3. Personal, property, and liability risks are minimized by strategies of avoidance, prevention/reduction, pooling, and transferring.
4. Various types of insurance are used to minimize personal, property, and liability risks.
5. Insurance is a device for sharing risks and minimizing loss in order to enhance personal and family financial security.
6. Insurance needs change as roles, responsibilities, and needs change over the life cycle.
7. Life insurance is primarily protection against premature death for those dependent upon a wage-earner, but it is also a combination of protection and savings.

PROTECTING AND SHARING FINANCIAL RESOURCES

8. Financial resources are shared through taxes, contributions, and gifts.
9. Taxation is a method of sharing economic benefits through redistribution of financial resources by federal, state, and local governments; contributions and gifts are shared by private sector organizations.
10. A combination of personal, business, and government resources are used to assure financial security throughout the life cycle.
11. Effective financial planning requires individuals and families to consider the amount of income shared and the public services used.

Objectives

This session will help participants gain understanding and competence in teaching high school students to:

1. Identify potential risks individuals and families face throughout the life cycle and describe methods used to minimize risk.
2. Recognize the value of insurance in minimizing personal, property and liability risks of individuals and families.
3. Discuss factors to consider when making decisions about who needs insurance and how much insurance to buy.
4. Explain the general differences among various types of insurance.
5. Recognize the need to compare costs and benefits of different insurance policies and companies.
6. Discuss the role of taxes, contributions, and gifts as methods of sharing income and promoting social and economic well-being among individuals and families.
7. Understand the impact of taxes on personal and family financial planning.
8. Describe tax-supported and private-sector programs and services which provide financial assistance to individuals and families.

Content Outline

To assist you in better understanding the task of protecting and sharing financial resources, the following outline of content is provided:

- I. Potential risks individuals and families face throughout the life cycle
 - A. Personal risks—loss of income or life due to premature death, illness, disability, old age and unemployment
 - B. Property risks—loss due to fire, accident, theft or other hazards
 - C. Liability risks—loss due to negligence resulting in bodily harm or property damage to others. Could be caused by automobile, professional misconduct, injury on property and other causes.
- II. Risk Management—a strategy for protecting and conserving assets, people and property
 - A. Risk management process
 1. Identify major risks to financial security
 2. Develop a plan to protect against financial loss
 3. Implement the plan
 4. Assess results and revise plan as family financial needs and circumstances change
- III. Methods of managing risks
 - A. Avoidance—voluntary action to eliminate risk situation. Example: don't ride motorcycle

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- B. Prevention—reduction—intentional action to prevent or reduce loss. Example: smoke alarm.
- C. Assumption—take responsibility for risk. Example: decide to bear the cost of fixing the car rather than purchasing collision insurance
- D. Pooling—cooperative participation to spread expenses from losses among a group. Insurance plans share risk among many people
- E. Transfer — moving the responsibility for financial loss to another entity. Examples: Social Security and Medicare

IV. Insurance—A Tool for Managing Risk

A. Purpose

1. Protection

- a. Untimely death
- b. Illness and disability
- c. Loss of property (fire, wind, flood, theft)
- d. Loss of job

2. Insurance shifts risks to insurer

- a. Insured pays premium to insurer
- b. Insurer pools premium to insured
- c. Insurer pays insured for loss

3. Results

- a. Risks shared among many
- b. Individual avoids catastrophe
- c. Insurer pays insured for loss

V. Buying Insurance

A. Compare companies and policies. Questions for comparison of policies include:

- 1. If you should die today what would your family receive from each plan?
- 2. If you should die at age 65, how much would your family receive from each plan?
- 3. If you should LIVE to age 65, how much cash would you accumulate in each plan?
- 4. How much will you pay into each plan from today to age 65?

B. Select well-informed agent

C. Analyze parts of the policy

D. Plan total insurance program

E. Review and revise insurance program to meet changing needs throughout the life cycle

VI. Focus on Life Insurance

A. Purpose

1. Family financial protection

- a. Cash for
 - 1) Final expenses
 - 2) Readjustment income
 - 3) Income for dependents, long-term family income
- b. Emergency funds
 - 1) Loan value
 - 2) Cash value

2. Business uses

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B. Insurance determinants

1. Number dependents on income
2. State in life span
3. Age of income producer
4. Family earning power (present and future)
5. Occupational hazards
6. Social Security

C. Types

1. Term
2. Whole life insurance
 - a. Straight life
 - b. Limited payment life
3. Endowment
4. Combination—family income policy

D. Group insurance

E. Settlement options

F. Annuities

G. Programming life insurance needs

VII. Health Insurance

A. Definition: provides payment to an individual to compensate at least in part, for expenses incurred in accident or illness, and loss of earnings during the time he is incapacitated.

B. Need

1. Serious illness
2. Emergency operation
3. Crippling accident

C. Function

1. Provide continuance of income while ill or disabled
2. Provide money to pay medical and surgical and hospital bills
3. Provide coverage for the entire family

D. Type of health insurance

1. Hospital expense insurance
2. Surgical expense insurance
3. Physician's expense insurance
4. Major medical expense insurance
5. Disability income insurance

E. Individual and group plans

1. Health insurance companies
2. Blue Cross/Blue Shield
3. Health maintenance organization
4. Medicare/Medicaid
5. Other

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VIII. Taxation as a method of sharing income and promoting social and economic well-being among individuals and families

A. Taxpayers "share" the costs and the benefits of government services. Examples include:

1. Protection—national defense, law enforcement
2. Education
3. Public transportation—highways, railroads and airports
4. Resource conservation — rivers and lakes, recreational areas
5. Public welfare and social security

B. Major taxes paid by consumers

1. Federal government
 - a. Personal income taxes
 - b. Excise taxes
 - c. Estate and gift taxes
2. State government
 - a. Personal income taxes
 - b. General sales taxes
 - c. Gasoline, cigarette, liquor taxes
 - d. Auto license taxes
3. Local government
 - a. Property taxes
 - b. Business license taxes
 - c. Other

C. Federal Tax Law—"Economic Recovery Act of 1981" highlights affecting personal and family financial planning

1. Individual income tax rates reduced
2. Tax reductions on investment income
3. Capital gains tax reductions
4. Rules on sale of personal residence
5. "Marriage penalty" reduction
6. Estate and gift tax changes
7. Savings incentive
8. Child and dependent care credits
9. Retirement savings deductions

D. Tax supported programs and services which provide financial assistance to individuals and families

1. Aid to Families with Dependent Children (AFDC)
 - a. An income assistance program that provides money payments for children and their caretaker relations
 - b. The U.S. Department of Health and Human Services and the State Department of Social Services share in the funding of this program
2. General Assistance Program
 - a. Provides money payments and medical coverage to single adults, childless couples, and some families with dependent children whose income and resources are insufficient to meet their basic needs
 - b. A state funded program, where available

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3. Food Stamp Program
 - a. Food stamps are coupons which can be used like money to buy food
 - b. Federally funded. Administered by the State and local Department of Social Services Office
 4. Emergency Needs Program
 - a. A program run by state Departments of Social Security to help low-income people in emergency situations
 - b. The program, where available, provides financial assistance to meet crisis needs for food, clothing, housing, utilities and transportation, among other things
 5. Supplemental Security Income
 - a. A federally-funded income-support program which provides direct cash payments to aged, blind and disabled persons with little or no income of their own
 - b. Administered by the federal Social Security Administration
 6. Medicaid
 - a. Medicaid is a program to pay medical bills for needy citizens, including physician services, hospital and clinic services, vision and hearing services and prescription drugs
 - b. A state and federally funded program
 7. Legal services
 8. Public Health Programs
 9. Veterans' Benefits
 10. Unemployment Insurance—for those persons who are unemployed, physically unable to work, and actively seeking work.
- E. Personal and Family Financial Information for tax paying
1. Recordkeeping for taxpayers
 - a. Retain for three years all records which form the basis for tax deductions
 - b. Retain receipts for major purchases: furniture, appliances, automobiles
 - c. Retain records of income from salary, dividends, interest
 - d. Keep receipts for all medical fees, hospital charges, drug purchases, health insurance premiums paid and reimbursements received
 - e. Keep record of charity contributions
 - f. Keep records in a safe, accessible place known to other family members
 2. Sources of assistance in preparing income tax returns
 - a. Self-help with Internal Revenue Service publications. Address of nearest IRS office is listed in the telephone directory under "U.S. Government"
 - b. Direct help from IRS office. Visit local IRS office and a tax assister will help prepare your return
 - c. Volunteer groups. Trained people offer free tax help through the Volunteer Tax Assistance program. Contact local IRS office
 - d. Commercial tax service—for a fee, a local or national tax service prepares tax returns. Ask for fee estimates before any work is done

\$

SCHEDULE OF ACTIVITIES

Approx. Time ¹	Activity	Materials
5 minutes	Introduce the topic • Pass out Handout 1. • Comment briefly on the objectives of this session.	Handout 1 "Objectives of this Session"
10 minutes	Warm up exercise • Pass out Handout 2. • Ask participants to complete the quiz without looking at the answer key; then have them check their responses against the key.	Handout 2 "Protecting Quiz"
20 minutes	Presentation on protecting financial resources • Pass out Handout 3. • Stress need for protecting people and property. • Illustrate how risks change over the life cycle. • Outline major risks to financial security. • Cover primary methods of managing risk. • Introduce resources available to individuals and families to assist in risk management. • Pass out Handout 4.	Handout 3 "Protecting Through Risk Management" (to be used as a resource to eliminate note taking) Handout 4 "Resource List"
15 minutes	Risk management exercise • Pass out Handout 5. • Explain that the purpose of this exercise is to illustrate that everyone experiences risk and that risk management is a lifelong process. • Ask participants to fill in the chart which requires them to design and evaluate their own plans for protecting financial resources.	Handout 5 "Risks and Plans to Minimize Financial Loss"
10 minutes	Life insurance vocabulary check • Pass out Handout 6. • Explain that this exercise is designed to raise awareness of important life insurance terms.	Handout 6 "Vocabulary Check and Glossary Builder"
15 minutes	View filmstrip (Part 1: How Does Insurance Work?) • Use accompanying guide to conduct a brief discussion of this material.	Filmstrip and cassette, "The Basics of Life Insurance"
15 minutes	View filmstrip (Part 2: Types of Policies)	Same as above
10 minutes	Break	
15 minutes	View filmstrip (Part 3: Insurance Decisions) • Use guide to conduct brief discussion.	Same as above

¹Time allocations suggested here are only approximations. Workshop leaders should make adjustments when appropriate.

SCHEDULE OF ACTIVITIES

Approx. Time	Activity	Materials
15 minutes	Life insurance exercise • Ask participants to fill in the spaces. • Explain the purpose of this exercise is to aid in planning current and future life insurance protection. The correct answers are: 1. policy, 2. agent, 3. beneficiary, 4. premium, 5. cash, 6. risk, 7. level premium, 8. family income, 9. policyholder, 10. limited payment, 11. family, 12. term, 13. permanent, 14. insurance, 15. life expectancy, 16. benefits, 17. renewable, 18. straight life, 19. convertible, 20. claim.	Handout 7 "Changing Lives: Changing Life Insurance Needs"
20 minutes	Presentation on sharing • Discuss purpose of sharing. • Cover how resources are shared. • Illustrate both public and private-sector organizations that assist individuals and families by distributing resources.	
10 minutes	Sharing exercise • Pass out Handout 8. • Elicit from participants types of assistance available to individuals and families; ask them to list names of public and private-sector agencies and organizations that provide various types of assistance.	Handout 8 "Agencies That Share Resources"
20 minutes	Session summary • Pass out Handout 9. Indicate that this handout should be filled out and brought to Session VII where it can be used. • Pass out Handout 10; explain that it contains background materials that will assist the participants in teaching this topic to their own students. • Ask: How can this material on PFFP be taught to high school students? Lead a discussion on teaching strategies and useful classroom activities that will integrate PFFP concepts with the curriculum. Session Evaluation • Ask participants to complete Workshop Session Evaluation Form and to leave the form at some place in the room when they leave. • Leave the room before they begin to fill out the evaluation form.	Handout 9 "Financial Planning Teaching Ideas" Handout 10 "Suggestions and Resources for Secondary School Teachers" Session Evaluation Form

SCHEDULE OF ACTIVITIES

Preparing for this Session

Here is a checklist of materials and teaching aids that you will need to conduct this session.

1. Filmstrip projector and audio playback unit (check to make sure they work)
2. Screen
3. The filmstrip presentation "The Basics of Life Insurance, Parts 1, 2, and 3" (American Council of Life Insurance)
4. Copies of the following handouts for each participant:
 - Handout VI/1 - Objectives of this Session
 - Handout VI/2 - Protection Quiz
 - Handout VI/3 - Protecting Through Risk Management
 - Handout VI/4 - Resource List
 - Handout VI/5 - Risks and Plans to Minimize Financial Loss
 - Handout VI/6 - Vocabulary Check and Glossary Builder
 - Handout VI/7 - Changing Lives: Changing Life Insurance Needs
 - Handout VI/8 - Agencies That Share Resources
 - Handout VI/9 - Financial Planning Teaching Ideas
 - Handout VI/10- Suggestions and Resources for Secondary School Teachers
5. Copies of the Workshop Session Evaluation Form for each participant

_____ \$ _____

OBJECTIVES OF THIS SESSION

HANDOUT

VI/1

The participants will gain understanding and competence in teaching high school students to:

1. Identify potential risks individuals and families face throughout the life cycle and describe methods used to minimize risk.
2. Recognize the value of insurance in minimizing personal, property, and liability risks of individuals and families.
3. Discuss factors to consider when making decisions about who needs insurance and how much insurance to buy.
4. Explain the general differences among various types of insurance.
5. Recognize the need to compare costs and benefits of different insurance policies and companies.
6. Discuss the role of taxes, contributions, and gifts as methods of sharing income and promoting social and economic well-being among individuals and families.
7. Understand the impact of taxes on personal and family financial planning.
8. Describe tax-supported and private-sector programs and services which provide financial assistance to individuals and families.

PROTECTING QUIZ

True False

1. _____ _____ Death is a major risk of young adults.
2. _____ _____ All risks can be covered by insurance.
3. _____ _____ Insurance is a pooling strategy to protect people and property.
4. _____ _____ The main purpose of insurance is for investment.
5. _____ _____ The purpose of liability insurance is to replace property.

Circle the correct answers. More than one answer might apply.

6. Financial risks are classified as:
 - a. personal
 - b. property
 - c. liability
 - d. a, b, and c
7. One can manage risk by
 - a. assuming all financial obligations
 - b. observing safety precautions
 - c. eliminating risky situations
 - d. covering each risk with more than one insurance policy
8. Life insurance can create an estate by providing a
 - a. death expense fund
 - b. income fund
 - c. education fund
 - d. mortgage fund
 - e. contingency fund for emergencies
 - f. all the above
9. Public resources that cover risks are:
 - a. Social Security
 - b. Unemployment Insurance
 - c. Investments
 - d. Homeowner's Insurance
10. Loss of income is a risk that may be caused by
 - a. disability
 - b. illness
 - c. storm damage to property
 - d. death

Answers: 1. F; 2. F; 3. T; 4. F; 5. F; 6. d; 7. a, b, c; 8. f; 9. a, b; 10. a, b, d

Training materials funded by a grant from the AMERICAN COUNCIL OF LIFE INSURANCE.

PROTECTING THROUGH RISK MANAGEMENT

HANDOUT

VI/3

People experience risks every day. The chance of loss or the uncertainty concerning the outcome of events, is always present at home or away from home, at work or play, awake or sleeping. Although they cannot prevent all the losses caused by unexpected events, individuals can assess the potential effects of risks and develop plans to minimize negative impacts.

Risk management is an organized strategy for protecting and conserving assets, people and property. It helps to reduce financial losses caused by destructive or damaging events. Effective risk management is an ongoing process of:

- identifying major risks to financial security,
- setting goals to protect against potential losses,
- planning how to reach goals,
- implementing the plans (controlling, adjusting, etc.) and
- assessing results, revising goals and planning future actions.

Risk management is a long-range planning process. People and their risk management needs change at varying points in the life cycle. If they understand risks and how to manage them, they can reduce financial losses and thereby improve their chances for economic, social, physical and emotional well-being throughout life. They will be better able to protect themselves and their families against the effects of personal risks, property risks and legal liability risks.

People need to recognize various types of financial risks and understand the combinations of methods and resources available to minimize present and future risks.

Types of Risks

The most common risks can be classified as personal risks, property risks and liability risks.

Personal risks include the uncertainties surrounding loss of income or life due to premature death, illness, disability, old age and unemployment.

Property risks deal with the uncertainties of direct or indirect losses to personal or real property due to fire, wind, accident, theft and other hazards.

Liability risks involve possible losses due to negligence resulting in bodily harm or property damage to others. Such damage could be caused by an automobile, professional misconduct, injury on one's property and so on.

These three types of risk might also be classified by **Pure** risks since there would always be a chance of loss if the specified events occurred. Pure risks are accidental and unintentional. The nature and financial costs of the loss can be predicted. These risks are insurable.

A risk is **Speculative** when there is either a chance of loss or a chance of gain. Starting a small business which may or may not succeed is an example of speculation. So is gambling. Speculative risks are legally defined as uninsurable.

Risk Management

Managing Risks

Managing risks has become increasingly complex in the last 40 years. National economic and political changes, innovative technology, the changing population mix, and increasing longevity are factors influencing the strategies and resources available for managing personal and family risks. Most families' risk management plans cannot afford to cover all risks. The individual or family needs to understand the methods that will provide the best protection within the budget. A combination of strategic alternatives is usually selected to cover major risks:

Avoidance—voluntary action by the individuals to eliminate a risky situation. For example, one might use public transportation rather than a motorcycle or give up skydiving.

Prevention/Reduction—intentional action to prevent or reduce losses. One might install smoke alarms and fire extinguishers to protect life and reduce potential damage in case of fire.

Assumption—taking responsibility for risking a kind of loss. For example, a person might decide not to purchase collision insurance on an older car. If an accident should occur, the financial costs of fixing the car would be borne by the individual.

Pooling—cooperative participation to spread expenses from losses among a group of people (the "pool"). This pooling will reduce the cost of risk coverage to individuals. Group life insurance plans and health insurance are examples.

Transfer—transferring legally defined financial losses to another entity. Government programs such as Social Security and Medicare are examples of these.

The challenge to you and your students is to understand these methods and then to develop an economical risk management plan which maximizes the benefits available. Ask students to identify the risk factors which threaten their financial security. Let them list the ways their families are currently managing the risks in their lives. In what ways can they begin to improve their risk management program?

Resources Available

Risk management resources basically come from three sectors—personal, private (business) and public (government). Successful risk management programs orchestrate a variety of these resources.

Personal Resources. The individual manages possible risk loss to himself and his family by his personal behavior, use of skills and use of part of assets to cover small risks. For example, people cannot avoid the event of death, but they can provide financial resources to reduce the financial impact of a death on the family. People can do much to avoid, prevent and reduce health, property and liability risks throughout their lifetimes.

For example, the family keeps a first aid kit for minor accidents and illnesses rather than going to a doctor or emergency room for "fail-safe" treatment.

Private Resources. Business plays a dynamic role in life and health, property and liability risk management. Employers and labor unions may provide part or all of the financial costs for covering various work-related risks such as illness or injury. Insurance companies provide personal life, health, liability and other insurance policies to meet individual and family risk management needs.

Group insurance through a variety of sources is relatively inexpensive. Individuals and families should check with organizations which allow them to enroll in group insurance plans. Examples of these groups are:

prospective and current employers,
clubs and other membership organizations,
businesses like credit unions and banks.

The risk management plan should also take into account the availability of group insurance and should assess the risks which cannot be fully covered through such policies.

Public Resources. Government programs provide a minimum level of protection for all Americans. To protect against risk-related losses, the number of these government efforts has rapidly increased since Social Security was enacted in 1935. Government programs address national economic and social problems and catastrophic events such as unemployment and natural disasters. The funds for governmental risk management come from personal and business taxes. The benefits to individuals and families are available through Federal, state and local government agencies.

The following chart shows some of the resources that your students might have now or could develop. This chart can be used to stimulate their thinking about the financial impact of potential risk losses. What are some of the indirect losses to a family? Some of the ways extra costs for lost services can be managed?

Teaching a Risk Management Process

Risk management is a lifelong process of using available resources to protect the individual and family against risk-related losses. Successful risk management contributes significantly to economic stability over

the family's life cycle. The process includes goal setting, planning, implementing plans and assessing results to determine future goals and actions.

Goal Setting. Goals are ends people wish to reach. In risk management, the individual or family is interested in setting goals to manage personal, property and liability risks. They must start by identifying the basic risks imbedded in their life situations. The attitudes and values of the individuals or family influence their risk management goals. These change as age, lifestyles, experiences, knowledge, responsibilities and income change over the life cycle. Predictable events such as marriage, birth, divorce, illness, accident, unemployment, retirement and death also affect short- and long-range goals. Financial advisors suggest that basic risk management goals be set to reduce:

- potential loss of income due to premature death, illness, accident, unemployment or old age of the major wage earner;
- potential loss of income and additional expenses due to illness, disability or death of a wife who is employed or cares for children;
- additional expenses due to injury or illness of other family members;
- potential loss of income, savings and property due to personal liability; and
- potential loss of real and/or personal property due to fire, wind, theft and other hazards.

Goals define what the individual or family expects to do about covering major risks and provide direction for future action.

Some Risk Management Goals

The Joneses might set these family risk management goals:

1. We will reduce bicycle riding and driving risks by obeying traffic laws and safety procedures—especially looking both ways at intersections.
2. We will increase our health coverage when Mom gets a job by enrolling her in a family medical insurance plan, especially if it provides the dental and drug benefits that Dad's union does not offer.
3. We will maintain our basic life, accident, homeowner's, automobile and retirement policies.
4. We will find out what percent of the family income (including Social Security contributions) these coverages cost.

These goals suggest that the family needs to revise its long-range plans to clarify its risk management costs and benefits.

Planning. Planning is the key to reaching risk management goals. Planning includes deciding what resources are needed to reach goals, the alternatives that might be considered and some strategies for reaching the goals over a specific time period.

When deciding what is needed to reach the goals, the individual or family determines the level of risk it is willing to assume, which risks can be shared and which can be transferred. It investigates the availability and

Examples of Risks and Risk Management Strategies

Risks		Strategies for Reducing Financial Impact		
Personal Events	Financial Impact	Personal Resources	Private Sector	Public Sector
Disability	Loss of one income Loss of services Increased expenses Other losses	Savings, investments Family observing safety precautions Other resources	Disability insurance Other strategies	Disability insurance
Illness	Loss of one income Catastrophic hospital expenses Other losses	Health-enhancing behavior	Health insurance Health maintenance organizations Other strategies	Military health Medicare, Medicaid
Death	Loss of one income Loss of services Final expenses Other expenses	Estate planning Risk reduction Other resources	Life insurance Other strategies	Veteran's life insurance Social Security survivor's benefit
Retirement	Decreased income Other expenses	Savings Investments Hobbies, skills Other resources	Retirement and/or pensions Other strategies	Social Security Pension plan for government employees
Property Loss	Catastrophic storm damage to property Repair or replace- ment cost of theft	Property repair & upkeep Security plans Other resources	Automobile insurance Homeowner's insurance Flood insurance (joint program with government)	Flood insurance (joint program with business)
Liability	Claims and settle- ment costs Lawsuits & legal expenses Loss of personal assets and income Other expenses	Observing safety precautions Maintaining property Other resources	Homeowner's insurance Automobile insurance Malpractice insurance Other strategies	

cost of various resources for protecting against personal risks, property risks and liability risks. The Joneses in the example above decided that they needed to change behavior, get added insurance protection and keep better cost/benefit records.

People can analyze their current risk management strategies by:

- reviewing all policies issued by private insurers.
- checking the risks covered by employers, credit unions, labor unions, or other organizations and
- investigating risks now covered by public resources—Social Security, veteran's benefits, etc.

An analysis of current risk coverage would indicate the individual(s) and properties covered, the exact risks covered and the dollar value of present plans. This information would identify gaps in coverage, changes needed because of inflation and other problems. The family can then revise its short- and long-range goals to cover major risks more economically.

Since there are numerous personal, private and public resources to reduce risk losses, it is important that the individual or family seek reliable, accurate information and the advice of knowledgeable resource persons to:

- understand the resources used to reduce various risk losses,
- investigate availability of various resources to reduce risks,
- check the ratings and reliability of different insurers,
- make cost comparisons between insurance policies providing the same coverages and
- investigate the personal, private and public resources which would most adequately cover their needs at a lesser cost.

When people understand the availability and costs of various resources, they can weigh one alternative against another, think through the consequences of using each resource and decide which they will use.

The next step is to develop a sequential strategy for obtaining risk coverage over a time period. For example, auto insurance coverage is often renewed semi-annually while whole life insurance contracts continue for many years.

Implementing Plans to Reach Goals. Plans are meaningless unless implemented or carried out. As plans are implemented, financial and personal resources are obtained, budgeted and used to reach risk management goals. Family financial management skills are applied to buying protection, and adjustments are made in the family budget and risk management plan when necessary.

Flexibility is an asset in risk management. Further changes in the family's finances are necessary as family size, income and assets increase, as losses or other events occur. The Jones family, for example, will need to review the new risks involved in Mom's going to work and budget for increased insurance to cover commuting and other hazards. How will this change affect the family budget? How long will it take the family to adjust its financial plans to the new situation of Mrs. Jones' employment? How do risks change as a result of Mrs. Jones' employment outside the home?

Assessing and Using Results. An effective manager consistently checks outcomes and uses these to improve future performance. A risk management review should be done periodically, annually at least. The family should review the costs of insurance, government and employee planning process.

The family life cycle concept helps people visualize economic, social and physical needs over time. For example, the common risks of illness and loss of working time differ in some ways for persons in the first part of their family's development and in the latter half of life, according to the table in Teaching Suggestion Number 4.

Also, the risk of financial catastrophe to the family through death of the main breadwinner is greatest for young parents with an infant. Will the person have sufficient quarters in covered work to be eligible for Social Security? Is there enough life insurance? Will risk management strategies suffice to give the surviving dependents an adequate living standard for several years until the remaining spouse can go to work?

Other risk management needs, goals and plans will differ for each major adult age group. You and the class might explore the range of risks related to each of these age groups.

•18-24 •5-64 •25-34 •55-64 •35-44 •65 and over

Other risks are much more closely related to the family lifestyle and household structure. The needs of a single person differ from those of a family, a single parent, a couple, or a group of unrelated adults living in the same household. Although all face similar major risks, their responsibilities to others for income to cover risks differ. The key questions each must ask are:

"If something should happen to me, who will be responsible for managing the household?"

"Have I produced sufficient financial resources and a clear risk management plan to take care of my basic responsibilities for other persons' welfare?"

You may wish to discuss the varying answers single persons, parents and married couples would give to such questions.

Developing a personal risk management plan is advisable if the individual or family is interested in reducing losses and providing adequate protection. Periodic analysis of major personal, property and liability risks and adjustments in selection and use of personal, private and public resources to cover them can result in greater satisfaction and economic security over the life cycle.

Other Factors in Risk Management Planning

With some of the basics of risk management in hand, you are ready to work with your students on improving their personal risk management plans.

The hardest part of teaching risk management is getting students to accept the fact of risk. You might look at the current death rate in America, 6.1 deaths per 1,000 persons and feel, as do most of us, "It won't happen to

me." These attitudes need to be explored in more detail. For instance, the 1977 death rate for males was 8.1 per 1,000. For women it was 4.5 per 1,000. What does this say for the need for men to think about risks? About wives' needs to plan with husbands for risk protection?

Life cycle planning and lifestyle are some added considerations that should be taught in the risk management benefits. Benefit payments may have been received over a period of time. How do the costs and the benefits reduce the financial losses from various risks? What risk losses have been absorbed by the family?

Could these losses have been reduced through better family financial planning and risk management?

The periodic risk management review also provides an opportunity to adjust plans and risk management goals to changes in the family, in private resources and public resources for risk management. How well is the family protected against inflation? Have the parents reviewed their life insurance plans in the light of recent government programs and new kinds of life insurance coverage? Are their retirement plans, including pensions, up-to-date?

Workdays Lost Due to Acute Conditions in the United States, 1978

Acute Conditions	Work-loss days per employed person		
	All ages 17 & over	Ages 17-44	45 & over
Both Sexes			
All acute conditions	3.8	3.9	3.5
Infective and parasitic diseases	.2	.3	.2
Respiratory conditions	1.6	1.6	1.5
Digestive system conditions	.2	.2	.2
Injuries	1.1	1.1	1.1
All other acute conditions	.6	.6	.6
Male			
All acute conditions	3.4	3.5	3.2
Infective and parasitic diseases	.2	.3	*
Respiratory conditions	1.5	1.5	1.4
Digestive system conditions	.2	.2	.2
Injuries	1.1	1.2	1.0
All other acute conditions	.4	.3	.4
Female			
All acute conditions	4.3	4.4	4.1
Infective and parasitic diseases	.3	.3	*
Respiratory conditions	.2	.3	1.7
Digestive system conditions	.2	.3	*
Injuries	1.1	1.0	1.3
All other acute conditions	.9	1.0	.8

*Figures do not meet standards of reliability or precision.

Note: The data refer to the civilian, noninstitutional population. An acute condition is one which was less than 3 months and which involved either medical attention or restricted activity. A "work-loss day" is a day on which a currently employed person, 17 years of age and over, did not work at least half of his normal workday because of specific illness or injury.

From: Source Book of Health Insurance Data: 1979-1980. Washington, D.C. Health Insurance Institute, 1980.

RESOURCE LIST

Some examples of agencies providing information concerning public risk management resources:

Old Age Survivor's:

Social Security Administration
6410 Security Boulevard
Baltimore, Maryland 21235

Disability:

Disability Programs Office
Social Security Administration
6410 Security Boulevard
Baltimore, Maryland 21235

Health Insurance:

Health and Human Services Department
200 Independence Avenue, S.W.
Washington, D.C. 20201

Veteran's Benefits:

Veteran's Administration
810 Vermont Avenue, N.W.
Washington, D.C. 20420

Unemployment:

Employment Security Office of state
in which individual resides.

Workmen's Compensation:

Department of Labor
Office of Worker's Compensation Programs
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Civil Service Benefits:

Office of Personnel Management
1900 E Street, N.W.
Washington, D.C. 20415

Flood Insurance:

Federal Emergency Management Agency
1725 I Street, N.W.
Washington, D.C. 20472

Some examples of places to write for information concerning private risk management resources:

Pensions and Life Insurance:

American Council of Life Insurance
1850 K Street, N.W.
Washington, D.C. 20006

Property, Casualty and Automobile Insurance:

Insurance Information Institute
110 William Street
New York, New York 10038

Health Insurance and Disability Insurance:

Health Insurance Association of America
1850 K Street, N.W.
Washington, D.C. 20006

RISKS AND PLANS TO MINIMIZE FINANCIAL LOSS

HANDOUT

VI/5

People experience risks every day. Risk Management is a lifelong process of using available resources to protect individuals and families against financial loss.

Directions:

(1) Study the chart below which lists examples of risks and strategies for reducing financial loss.

(2) Fill in the chart below, listing the risks you or your family will face over the next five years. Then complete the chart by listing the personal, private and public strategies you will use to reduce the financial impact of each type of risk.

My Plan for Protecting Against Financial Loss

Risks		Strategies for Reducing Financial Loss		
Personal Events	Financial Impact	Personal Resources	Private	Public

VOCABULARY CHECK AND GLOSSARY BUILDER

HANDOUT

VI/6

Here are 20 definitions of familiar life insurance terms. Read them and fill in as many blanks as you can from memory. Then go back and see which words in the word list below fit the definitions you left blank. When you have filled in all the blanks correctly, you will have a glossary to keep for later reference and review.

1	An insurance contract
2	An insurance company representative who helps consumers choose an appropriate insurance plan
3	A person named in a life insurance policy to receive the benefits when the insured person dies
4	The amount paid periodically to cover the cost of an insurance policy
5	"_____ " value: the amount of money paid to the policyholder if the policy is cancelled. This amount may also be borrowed, at a low rate of interest, without cancelling the policy
6	A chance of encountering loss or harm
7	Describes insurance policies in which the premiums remain the same year after year (2 words)
8	A kind of life insurance policy which pays the beneficiary a specific income for an agreed-upon period, in addition to the face amount of the policy (2 words)
9	A person who holds and pays for an insurance policy
10	Describes insurance policies in which the premiums remain the same and are paid only for a specific number of years (2 words)
11	"_____ plan": a life insurance policy which insures all members of a family
12	A general type of life insurance which covers the insured person for a limited period of time
13	Describes an insurance policy that covers the insured person's entire lifetime (as opposed to term)
14	A common way of protecting against financial calamity by sharing economic risks
15	The probable lifetime of a person, predicted statistically (2 words)
16	Money paid to the beneficiary under the terms of an insurance policy
17	Term insurance which can be renewed at the end of the term without a medical exam, although the premiums will be higher
18	General type of permanent life insurance with level premiums (2 words)
19	Describes a life insurance policy that can be exchanged for another type
20	A formal notice to an insurance company requesting payment of benefits

Word List:

agent, beneficiary, benefits, cash, claim, convertible, family, family income, insurance, level premium, life expectancy, limited payment, permanent, policy, policy-holder, premiums, renewable, risk, straight life, term.

Training materials funded by a grant from the AMERICAN COUNCIL OF LIFE INSURANCE.

CHANGING LIVES: CHANGING LIFE INSURANCE NEEDS

HANDOUT

VI/7

The characters in the filmstrip have discussed their life situation now, but as they move from one stage of the life cycle to another their changing financial resources and responsibilities, living situations and life style will impact on their financial security. In the chart below, identify the key concerns or questions each person should identify in order to select a life insurance program that will contribute to financial security now and in the future.

Present	Key Concerns/ Questions	In Five Years	Key Concerns/ Questions
Mark: high school senior, working part-time, plans to go to college		: married and expecting first child; graduated from college; wife is a full-time homemaker with no plans for a job	
Sandra: married woman in her early 20s; free-lance artist; husband employed; plans to have a family		: two-year-old son; recently divorced; free-lances full-time	
Ed: a married man in his 40s; a teenage daughter; wife works full-time; substantial mortgage and two car loans		: daughter has been seriously ill and may be permanently disabled; Ed has recently changed jobs; purchased a vacation home	
Anne: a widow and in her early 60s; grown children; works; elderly, dependent mother lives with her		: retired; elderly mother has died; recently remarried	

AGENCIES THAT SHARE RESOURCES

HANDOUT

VI/8

The concept of sharing is represented in the work of a variety of agencies and organizations, both public and private, that provide assistance for those in need. In the columns below list various types of assistance and the agencies or organizations that provide this assistance.

Type of Assistance (e.g., ADC, food, health, housing, social services)	Public Agencies (e.g., county welfare, Social Security Admin., public health dept.)	Private Organizations (e.g., churches, service clubs, Salvation Army, volunteer groups)

FINANCIAL PLANNING TEACHING IDEAS

HANDOUT

VI/9

Directions:

Develop an idea for teaching financial planning at the secondary level. The idea should relate to information provided in this workshop session.

Title of idea or topic _____

Estimated teaching time _____

Learning objective(s) _____

Content, concepts, generalizations, etc.

Teaching methods, activities, worksheets

Suggested resource materials

Your name _____ Date _____

LIFE STAGE — 13-17 YEARS

Unique Financial Tasks	
Common Financial Errors	
Desirable Outcomes	
Ideas for Teaching	

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

HANDOUT

VI/10

This section contains references and other sources of information about protecting and sharing financial resources that will be useful in providing background information on this topic. In addition, you will find a number of classroom activities appropriate for use with high school students.

A Guide to Insurance for Women Only, American Council of Life Insurance. This booklet describes the life insurance needs of married and single women and explains basic insurance concepts. Single copies free; .26 each for up to 999 copies; .24 for 1,000 or more copies.

A Consumer's Guide to Life Insurance, American Council of Life Insurance. A booklet written to help consumers purchase life insurance. It explains various policies and how they work, provides help in determining insurance needs, and raises questions to be considered before purchasing insurance. Free in quantities up to 50 for teachers.

Dealing with Life Insurance, American Council of Life Insurance. Five decks of colorfully illustrated playing cards for games based on Rummy and Go Fish that familiarize students with the basic vocabulary and concepts of life insurance. The games also illustrate options available in a life insurance program. Set of five decks and instructions—\$12.00.

Health and Health Insurance: The Public's View, American Council of Life Insurance. A report describing public attitudes toward the health care system, focusing particularly on what the public thinks about containing health care costs and national health insurance. Single copies free.

Life and Health Insurance: A Guide for Young Adults, American Council of Life Insurance. Illustrated booklet presenting basic principles of life and health insurance and their function as a part of comprehensive financial planning. Free in quantities up to 100 to college instructors and teachers of adults.

Life Insurance Fact Book, American Council of Life Insurance. A standard reference for students and teachers which presents basic statistics about the life insurance business. Free in quantities up to 50 to two- and four-year college teachers.

The Life Insurance Teaching Kit, American Council of Life Insurance. A 24-page Teacher's Guide and sample copies of whole life and term insurance contracts. One copy free to teachers.

Policies for Protection: How Life and Health Insurance Work, American Council of Life Insurance. This workbook helps teach students basic information about life and health insurance protection. Defines, among other

terms, the concept of risk sharing and defines forms of insurance protection. Free to teachers in quantities up to 100.

Plain Talk About Your Life Insurance Policy, American Council of Life Insurance. Used as a reference guide, this booklet helps explain the terms of a life insurance policy in everyday language. Single copies free; .18 for up to 999 copies; .15 for 1,000 or more copies.

Sample Whole Life and Term Insurance Policies, American Council of Life Insurance. Two pamphlets which provide sample policies with all major provisions in each and application forms. Free in quantities up to 50; additional copies .28 each.

Sets, Probabilities and Statistics: The Mathematics of Life Insurance, American Council of Life Insurance. A 36-page illustrated booklet with separate teacher's key that applies mathematical concepts to life insurance examples. Students learn about compound interest, mortality tables, premium calculations, and uses of life insurance. Free in quantities up to 75; additional copies .20 each.

Source Book of Health Insurance Data, American Council of Life Insurance. A standard reference work providing recent information on all major forms of health insurance. This 106-page book is free in quantities up to 50 to two- and four-year college instructors. Single copies are free; additional copies \$1.00 each.

Teaching Topics: A Journey Through the Land of Risk Management, American Council of Life Insurance. (Vol. 29, No. 1) One of a series of periodic publications. This 8-page document provides basic information on risk management. Single copies free.

Teaching Topics: Inflation—A Monster We Can Control, American Council of Life Insurance. This 8-page booklet is one of a series of periodic publications. It discusses the causes of inflation and its impact on financial resources. Single copies free.

The Basics of Life Insurance, American Council of Life Insurance. A 15-minute filmstrip with cassette which presents four consumers in a discussion of life insurance and its contributions to financial security. Purchase price \$12.50.

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

VI/10 continued

The Booklet You Have In Your Hand is Not Designed to Sell You Life Insurance, American Council of Life Insurance. This consumer booklet gives the basic facts about life insurance and how it applies to individuals and families. Single copies free; .18 for up to 999 copies; .15 for 1,000 or more copies.

Understanding Your Life Insurance, American Council of Life Insurance. A simplified textbook which explains the basic concepts of life insurance. Single copies are free. Additional copies .50 each.

Educational materials available from the Insurance Information Institute (110 William Street, New York, NY 10038).

Insurance for the Car. Student leaflet, free.

Insurance for the Home. Student leaflet, free.

Educator's Guide for Teaching Auto and Home Insurance, free.

Introduction to Property and Liability Insurance. Filmstrip, \$10.

You and Auto Insurance. Filmstrip, \$10.

You and Your Home Insurance. Filmstrip, \$10.

Amling, Frederick and William Droms, *Personal Financial Management*. Homewood, IL: Richard D. Irwin, Inc., 1982.

Consumers Union, *Report on Life Insurance*. New York: Holt, Reinhart and Winston, 383 Madison Ave., New York, NY 10017, paperback \$7.95, April 1981.

1981 *Economic Recovery Tax Act, Highlights*, Commerce Clearing House, Inc., 4025 W. Peterson Ave., Chicago, IL 60646.

Internal Revenue Service, *Understanding Taxes*. Publication for students, revised yearly. Available from local office of Internal Revenue Service.

Lee, Stewart L. and Mel J. Zelnak, *Economics for Consumers*. Belmont, CA: Wadsworth Publishing Company, 1982.

Schiller, Margery Kabot, *Personal and Family Finance, Principles and Applications*. Boston: Allyn and Bacon, Inc., 1981.

VanCaspel, Venita, *Money Dynamics for the 1980s*. Reston, VA: Reston Publishing Company, Inc., 1980.

For further information:

Current Periodicals:

Consumer Reports

Changing Times

Business Week

Wall Street Journal

Local Resource People:

Insurance Agents and Brokers

Cooperative Extension Service Agents

College and University Faculty

Internal Revenue Service Education Representative

Tax Accountants

Tax Attorneys

Bankers

PROTECTING FINANCIAL RESOURCES

Activity

Risk Management

Overview

Risk is the uncertainty concerning loss—any loss. In developing plans for protecting resources, students should be aware of the great variety of risk management techniques available to protect them and the importance of selecting appropriate risk management methods.

Type of Activity

Individual and small groups
Length of time—3 hours

Materials

For Students: Distribute worksheets, "Personal Property Inventory," "Sharing the Risks" and the booklet "Search for Economic Security"
For Teachers: "Understanding Your Life Insurance,"*
Be Informed Series, 1978; New Readers Press

Performance Indicator

The student will become aware of the principles on which insurance is based and identify how these principles relate to risk management.

Procedure

1. Distribute copies of the "Personal Property Inventory" and have students estimate the value of their belongings.
2. After the students have completed the "Personal Property Inventory," ask them to identify potential risks.
3. Brainstorm and list as many risk management measures students could utilize to protect their resources. Discuss the pros and cons of each.
4. Read "Search for Economic Security."
5. Survey the class and identify the risks shared by a few students. Relate that to information in "Search for Economic Security" regarding the reasons for the evolution of insurance companies. Discuss the least expensive and most expensive ways to minimize losses.

Follow-up Activity

Invite a representative from an insurance company to class to discuss how insurance companies help individuals join with sufficiently large numbers of other individuals so that losses can be shared proportionately by those in the group of insureds.

*Available from the Order Fulfillment Section, American Council of Life Insurance, 1850 K Street, N.W., Washington, D.C. 20006.

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

VI/10 continued

For Student Use

PERSONAL PROPERTY INVENTORY

Name _____

What would it cost to replace some of your possessions if some unforeseen risk caused a loss to you?

In the following worksheet, you will have an opportunity to examine some of the risks and the potential financial impact on you and your family.

Possessions	Cost to Replace	Risks	Protection Plan Against Risk
Clothes			
Bicycle			
Stereo			
Records/Cassettes			
Ski Equipment			
Tennis Racquet			
Sports Clothes			
Tools			
Sewing Machine			
Motorcycle			
Jewelry			
Furniture			
Collections (coins, stamps, etc.)			
Bank Accounts			
Your Life			
Your Health			

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

VI/10 continued

For Student Use

SHARING THE RISKS

Name _____

Members of the Bikers/Hikers Club decided some years ago to chip in to pay for any bicycle damage that happened on club trips. Last July, for example, Wanda smashed up her ten-speed bicycle in a skid. She and the other 49 members contributed \$1 each to pay the \$50 repair bill. Observing that such incidents have cost an average of \$300 a year, club leaders are now setting up a regular fund; each of the 50 members will contribute 50 cents a month to cover the expected costs of bicycle repair.

The Bikers/Hikers agreement, which lets members share the risk of bicycle damage, protects individual members against the unexpected costs of accidents. Under the fund plan, all members systematically pay small amounts into a fund to cover the costs of damages that they believe will probably happen to some members.

The Bikers/Hikers plan has gained favorable attention from other bicycle clubs in the city. As a member of the Bikers/Hikers, how would you respond to the applications of members of three other clubs who want to participate in the plan? Would you recommend accepting or rejecting their applications to participate at the current Bikers/Hikers rate of a 50-cent monthly contribution?

The Golden Age Wheelers, who are all age 55 and over, meet on Sundays and use only the bicycle trails in the City Park. All members passed driving and physical fitness tests before being allowed to join. They must pass the same tests every six months to keep up their memberships.

Accept ☐ Reject ☐

Why?

The Wheeler-Dealers are campaigning for more city-sponsored bike paths and hold frequent "ride-ins" on crowded local highways to challenge what many automobile drivers think are their exclusive rights to the road. The bicycle club also has a racing division.

Accept ☐ Reject ☐

Why?

The Rolling-in-Money Pedalers own a private ten-mile bikeway supervised by the club's staff of 20 guards, mechanics, and first aid specialists. All club members must own imported, ten-speed bikes. The club has an excellent safety record, but the one accident last year, a six-bike pile-up collision against a guardrail, caused \$840 in repair bills.

Accept ☐ Reject ☐

Why?

VI/10 continued

1. As you probably noticed, the risks that members of the various clubs take differ for a number of reasons: age of members, locale of their activity, membership requirements, precautionary actions. What are some other factors that might increase or reduce risk?

2. Should all members be charged the same rate of payment? Discuss.

3. If the members of the three additional clubs are accepted into the plan, would the current rate of payment change? Discuss.

PROTECTING FINANCIAL RESOURCES

Activity

Overview

Understanding Life Insurance

The purpose of insurance is to provide a firm financial grounding for long-range plans. Without insurance, a costly illness could force a drastic change in life style. A death in a family could make it impossible for the rest of the family to stay together in familiar surroundings. This activity will help students understand how insurance companies assist individuals and families join with others so that risks can be shared and no one person or family suffers a catastrophic loss.

Type of Activity

Individual and Group
Length of time—1 week

Performance Indicator

The student will understand the reasons for life insurance, identify different types of life insurance and recognize and define terms commonly used in policies.

Procedure

1. Ask students what they know about life insurance. Who in their family owns life insurance? Do they know what kind of policies their parents own? (Emphasize the following concepts: risk, planning, kinds of life insurance, provisions.)
2. Ask the class to discover the kinds of life insurance their families have. How did they buy it? Why were those policies chosen?
3. Discuss in class the responses to the assignment. Distribute *Policies for Protection* and ask students to read it and complete the exercises.*
4. Ask students to reconsider the information they received from their families. Do they have questions about life insurance? Complete a list of questions that a person seeking to buy life insurance might ask an insurance agent.

Follow-up Activity

Invite a representative from a life insurance company to class to respond to student questions.

*Available from the Order Fulfillment Section, American Council of Life Insurance, 1850 K Street, N.W., Washington, D.C. 20006.

PROTECTING FINANCIAL RESOURCES

Activity

The Role of Savings in a Financial Plan

Overview

Savings provide people with assets that are both liquid and safe. These are two important characteristics in deciding on savings options.

Type of Activity

Large group
Length of time—45 minutes

Materials

For Students: Copies of descriptive brochures from local savings and loan institutions, commercial banks and credit unions

Performance Indicator

The student will identify the relationship of savings and financial planning; describe the advantages and disadvantages of the various kinds of savings institutions; and compare the savings plans available from the various institutions and describe their potential uses.

Procedure

1. Ask students to identify the reasons people save (for emergencies, college, irregular expenses, a house). How do the needs of various life stages affect the importance of savings? Consider themselves and other members of their families.
2. List the various types of savings institutions in the community (savings and loan, commercial banks, credit union). Describe the differences in services offered by each.
3. Consider the rates of return for various savings instruments. Compare interest rates on savings accounts in different banks and the rates of return on other money market instruments that banks provide, such as certificates of deposit and bonds. Discuss how savings helps a person obtain additional financial resources.
4. Discuss what protection is afforded through savings institutions (e.g., Federal Deposit Insurance Corp., state protection). Is this a high- or low-risk way of protecting your money?
5. Discuss the relationship of savings to a financial plan. Ask students to consider how savings needs change as people move through the life cycle. Ask them to identify some savings strategies they could begin to implement now.

INSURANCE CASE STUDIES*

Here are case studies representing individuals and families at various stages of the life cycle and in alternative circumstances. Look at each situation and analyze the need for life and health insurance. Would you recommend fee-for-service or a pre-paid health care plan such as a Health Maintenance Organization (HMO)? Is major medical insurance needed? Income protection insurance? If so, on whom? How much life insurance is needed? What kind should it be? Who should be insured? What options would you recommend they select? How do employer-provided insurance programs fit in with your insurance program recommendations?

1. Mark is single, age 21 and a college senior. He has no dependents and no plans for marriage. He wants to get established in his career before settling down. He is currently working part-time to supplement his college grant in order to meet school and living expenses. He is independent and does not receive any support from his widowed mother, who works and just meets her own living costs.
2. Andy and June are a young couple and both are working full-time. Together they earn around \$25,000 per year. They have recently taken out a large mortgage. They have two car payments since they both need cars to get to work. They have large balances on several charge accounts as they have been trying to furnish their home. They each have \$10,000 of term insurance through their employer. Currently, they do not have any children, but hope to start a family in about two years, when they have the house furnished and their bills paid off.
3. Ann is 30 and recently divorced with children ages 4 and 7. She earns \$12,000 per year as a secretary. Her employer provides her with basic health insurance coverage. She receives child support (occasionally) from the children's father, but he is often behind. Her ex-husband is responsible for the children's medical bills.
4. Greg and Sue have two children who are pre-schoolers. She does not work outside the home and has no marketable job skills. They are buying their home and have discussed the fact that if something happened to either of them the survivor would want to stay in the house to raise the children. Greg has \$20,000 worth of term life insurance through his employer. Greg has been earning around \$20,000 working in a factory. His employer provides basic health insurance with an option of H.M.O. or fee-for-service.
5. Shirley and Alex are in their early 50s. They have two grown children who are on their own. They are still living in the house where the children were raised, but are thinking of selling it and moving to something smaller—perhaps an apartment or mobile home. Shirley returned to nursing five years ago when her children reached college age. Both have term insurance equal to one times their salary through their respective employers. Alex makes \$20,000 per year and Shirley makes \$15,000.
6. Betty and Tom are in their early 50s. They have two grown children who are on their own. They are still living in the house where the children were raised. Betty does not work outside the home and has no specific job skills. She enjoys homemaking and working in her yard. Tom works as a salesman for a furniture store and makes around \$20,000 a year from commission sales. Tom has \$15,000 worth of term insurance through his employer.
7. Alfreda is a widow in her late 50s. She works as a clerk in a department store, where she is accumulating a small pension. She has a small paid-up house. Her employer provides her with \$1,500 worth of term life insurance. She used the proceeds from her husband's life insurance policies to pay off the house, funeral expenses and some outstanding debts. She has \$10,000 in savings which she hopes to invest wisely to help supplement her retirement income.
8. Joanne is a widow in her mid-30s. She has two young children for whom she receives social security based on her deceased husband's account. She does not have a regular job, just works occasionally to stay under the social security earnings limitation. (Does she really have to limit her earnings? If she worked and earned over the current earnings limitation, would it affect the total family benefit paid? While her benefit would go down, what would happen to the children's benefits?) She rents a house. Due to the illness of one of the children, she faced large medical and hospital bills. Medicaid (for low income families) stepped in and picked up most of the bill because they are considered a low income family. Her husband left her with no life insurance, no savings and a pile of debts. She currently has no marketable job skills. What are her life and health insurance needs?

*Nagy, Marilyn Pogue. "Case Studies for Analysis of Health and Life Insurance Needs." Developed for a workshop of the Michigan Inter-University Consortium for Consumer and Economic Education, Summer, 1981.

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

VI/10 continued

9. Margaret is a career woman in her early 40s. She has a good income and no one is dependent upon her. Her employer provides her with insurance (term life) equal to two times her annual salary of \$30,000. The employer also provides fee-for-service and major medical insurance.
10. Robert is divorced and has recently re-married a woman with two children. Under terms of his divorce decree he is to provide for the health care needs of the three children from his first marriage

and pay monthly child support of \$400. His new wife works and has been providing health insurance coverage for her two children. His employer provides \$25,000 worth of term insurance. His new wife is also divorced, but she receives little child support from her ex-husband. His new wife is pregnant and does not anticipate working much longer. What are the insurance needs of this re-formed family? Robert makes \$30,000 a year.

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

VI/10 continued

For Student Use

RISK MANAGEMENT PLANNING WORKSHEET

1. What are five of the most common risks for you right now?

2. List at least one risk that you will face five years from now in each of these categories:

Disability _____

Health _____

Death _____

Property _____

Liability _____

3. Using the Strategy Chart, which risk management methods would you use to reduce the financial impact of each risk?

	Disability	Health	Death	Property	Liability
Avoidance					
Prevention					
Assumption					
Pooling					
Transfer					

4. Make another chart on the five types of risks. List the Public, Personal and Private risk management resources you will use to reduce the financial impact of each type of risk.

Now re-read your answer to Question one. Write a sentence of your "Current Risk Management Goals" to show how you will manage those risks better.

Current Goals: _____

SUGGESTIONS AND RESOURCES FOR SECONDARY SCHOOL TEACHERS

VI/10 continued

Using the five risks you have been thinking about in Questions two, three and four, write another statement of your "Future Risk Management Plans" to show how you will manage the risks you will be facing in the future.

Future Plans:

Risks	Risk Management Methods				
	Avoided	Prevented/Reduced	Assumed	Shared	Transferred
Property					
Personal					
Liability					

1. How will your risks change as you move from one stage of the life cycle to another?

2. List 4 factors that contribute to changing sources of risk management techniques.

3. What risk management techniques may be available to you in 5 years?

in 10 years?

4. How can a risk management program be adapted to meet changing risks?

**SUGGESTIONS AND RESOURCES FOR
SECONDARY SCHOOL TEACHERS**

VI/10 continued

5. What strategies can you use to develop a risk management program?

PROTECTING/SHARING

Classroom Activity

Minutes Activities

- | | |
|----|---|
| 1 | Divide workshop participants in 5 groups |
| 2 | Ask each group to select a chairperson to direct the group's activity and a reporter to present the group's suggestions to all participants |
| 02 | Provide instructions to the chairpersons allowing: |
| 20 | 20 minutes to complete their assignment |
| 25 | 5 minutes for each group to make a presentation before all participants |

Total: approximately 40 minutes

Group 1.

1. Statement: High school students experience financial risks just as others do. However, the risks they face change somewhat as they become adults.
2. Define the major personal, property and liability risks high school students face. Then define the risks forced by young adults (18-24 years of age).
3. Using a flip chart, organize these to show the major personal property and liability risks of these two age groups.

Group 2.

1. Statement: High school students and young adults have fewer financial resources than at other stages of the life cycle. However, they face risks and need to protect themselves.
2. Decide what you think high school students should do to minimize risks using the methods on strategies of
 - 1) Avoidance
 - 2) Prevention/Reduction
 - 3) Assumption
 - 4) Pooling
 - 5) Transfer
3. Use a flip chart to visualize these.
4. Then repeat the process for the young adult (18-24 years of age)

Group 3.

1. Statement: Effective risk management can enhance personal and family financial security throughout life. What is needed at the high school level to teach protecting, risk management, ways to reduce risks, etc., so that high school students take constructive measures to improve their risk management?
2. Using a flip chart organize your suggestions to show:
 - 1) Suggested content needed in high school

- 2) Ideas for incorporating this content in various subject matter areas.

Group 4.

1. Statement: Although you may be concerned and informed about PFFP and the relationship that protecting has to financial security, high school teachers and students are uninformed.
2. First, make a list of effective methods you can use to teach Protecting, Risk Management, etc., in your subject matter area.
3. Second, make a list of methods you think might be used to effectively teach such concepts and content to all high school students.
4. Organize these suggestions on a flip chart for presentation to others.

Group 5.

1. Statement: School budgets for teaching resources vary from one school to another and from one subject matter to another within the same school.
2. Define the resources you have or intend to get to teach Protecting in your subject matter areas. Be specific, and list these on a flip chart under the categories of:
 - Personal resources.
 - Private resources.
 - Public resources.

PROTECTING/SHARING

Suggested Learning Activities for Secondary School Students

Sharing

1. Make group assignments involving visits to tax supported community agencies and institutions to:
 - gather information on the services provided in the county and state, the types and numbers using the services, the budget (size and funding), etc.
 - write a report, and prepare appropriate visuals; and
 - present report to total class.
2. Have each student interview one adult (businessman, farmer, factory worker, professional, etc.) to learn how tax rates and tax laws affect them in terms of operating costs, prices of goods and services they may provide, income, etc. Results might be written, oral or both.
3. Review how national, state, and county or parish budgets are allocated. Compare differences and reasons for these differences.
4. How students make a personal and family directory of institutions, services and telephone numbers they will most likely use in the next year.

PROTECTING/SHARING

Classroom Activity

The Match Game

Ask each participant to draw a card (3x5) from a box as they enter the session. Half the cards will have a number and the name of an institution (federal, state or local) responsible for a publicly supported program or service. Half the cards will have the number and the name of the program or service.

Ask participants to find a matching partner and sit with that person during the session.

Here are some suggestions. Depending upon the size of the group, other institutions and services might be added, or the leader may repeat some of these.

- | | |
|--|--|
| 1. U.S. Dept. of Agriculture | 1. Food Stamp Program |
| 2. Veterans Administration | 2. Group (GI) Life Insurance |
| 3. County Public Schools | 3. Schools |
| 4. State Highway Department | 4. Roads |
| 5. U.S. Dept. of Health & Human Services | 5. Social Security checks to certain dependents of a deceased worker |
| 6. U.S. Dept. of Agriculture | 6. School lunch programs |

- | | |
|---------------------------------|---|
| 7. Veterans Administration | 7. Educational Assistance (GI Bill) |
| 8. Veterans Administration | 8. GI Loans for Homes, Condominiums, & Mobile Homes |
| 9. County Park Authority | 9. County Parks |
| 10. City Government | 10. City Library |
| 11. State Employment Commission | 11. Unemployment compensation |
| 12. State Welfare Department | 12. Income assistance to needy persons |
| 13. U.S. Postal Service | 13. Mail delivery |
| 14. County Hospital | 14. Medical services |
| 15. County Public Works | 15. Waste management and refuse collection |
| 16. County Police Dept. | 16. Maintenance of law and order |

Ask each pair to stand and give name of the institution and service they represent until all numbers have reported.

Total: Approximately 5 minutes.

SESSION VII

\$

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INFUSING PERSONAL AND FAMILY FINANCIAL PLANNING INTO THE SCHOOL CURRICULUM

(3 hours)¹

Introduction

The first six sessions of this workshop introduced the basic concepts and underlying principles of personal and family financial planning. This final session applies this "content" to the pedagogical task of teaching financial planning to high school students.

To begin this session we offer some introductory comments about the problem-solving, decision-making process. Since this process is fundamental to the formulation of sound financial plans, it is offered here as the basis for infusing the content of personal and family financial planning into the school curriculum.

All of us handle money in one way or another—we *obtain* it and we *use* it by spending, saving or *protecting* it. Sometimes we spend and save at the same time; by spending on certain items, we expect in the long run to protect those resources and eventually to obtain more. For example, we may buy artifacts or a house that we can enjoy while the value increases. Or we can buy health insurance that gives us a sense of security which will, should we become seriously ill, keep us from losing all of our other resources. As such, all of us are consumers and as consumers we are decision-makers. If the decisions are poorly made, they are surrounded by feelings of helplessness, confusion, and guilt. When many decisions go wrong, we may begin to see ourselves as stupid or worthless and a self-fulfilling prophecy sets in.

How can we make better decisions? Is there a proper sequence to the decision-making process? Clearly, individuals differ in making successful decisions. Some enjoy researching information in depth. Others rely more on remembered information and they decide more quickly based on that stored information—particularly in a field they know very well. Also affecting the process are the magnitude of the decision and how badly we need (or value) it. Basically, however, the process follows these three steps:

1. *Probing* getting information about a topic or product and questioning its value (vs. impulse decisions).
2. *Processing* the information (assimilation)—comparing, contrasting, categorizing, organizing, storing, and using the information.
3. *Accommodating* the information includes clarifying values according to what is important to the individual and what the consequences will be.

Based on these steps, *decisions* are made. Every sphere of our lives requires that we make decisions; the rapidity of change and information explosion requires that we make these decisions with increasing speed. Toffler illustrates this graphically in *The Third Wave*. Even each content area in school requires that we use a problem-solving, decision-making process.

For example, there are problems to solve in math, a problem-solving approach in social studies, or the "scientific method." Because these subjects are often isolated in school, the students may progress all the way through without discovering the *process* is really generic and with slight modifications can apply to all spheres of school or life. This discovery often unlocks previous barriers to a given content field or life role. Women discover they *can* solve math problems and manage finances.

¹An optional approach to infusing PFFP content in the school curriculum is to divide the activities of Session VII and extend Session II and/or Session III, since each of these sessions is only 1½ hours in length.

INFUSING PERSONAL AND FAMILY FINANCIAL PLANNING INTO THE SCHOOL CURRICULUM

Men realize that women's "intuition" in family management is often no more than astute decision-making based on stored information (just as he may do in business, where it's called "business acumen").

All of us are involved in some way in personal and family financial planning—that is, we all obtain, use and hopefully protect our financial resources—if not all equally well. These resources cut across every sphere of our lives and every content field. And all are characterized by the problem-solving, decision-making process. We have, therefore, selected these strands to illustrate the infusion of personal and family financial planning into five basic content areas in school: math, science, social studies, English/Language Arts, and practical arts. The schema for this session is illustrated with the chart (figure 1) which appears on page VII/3.

Competencies and Basic Generalizations

This session on infusing personal and family financial planning in the school curriculum builds upon all the financial planning competencies that have been identified throughout the workshop. (These six competencies are repeated in Handout 1 of this session.)

Using these six competencies as a base, this session introduces a new professional competency that can be attained through the experiences presented here. This new competency is:

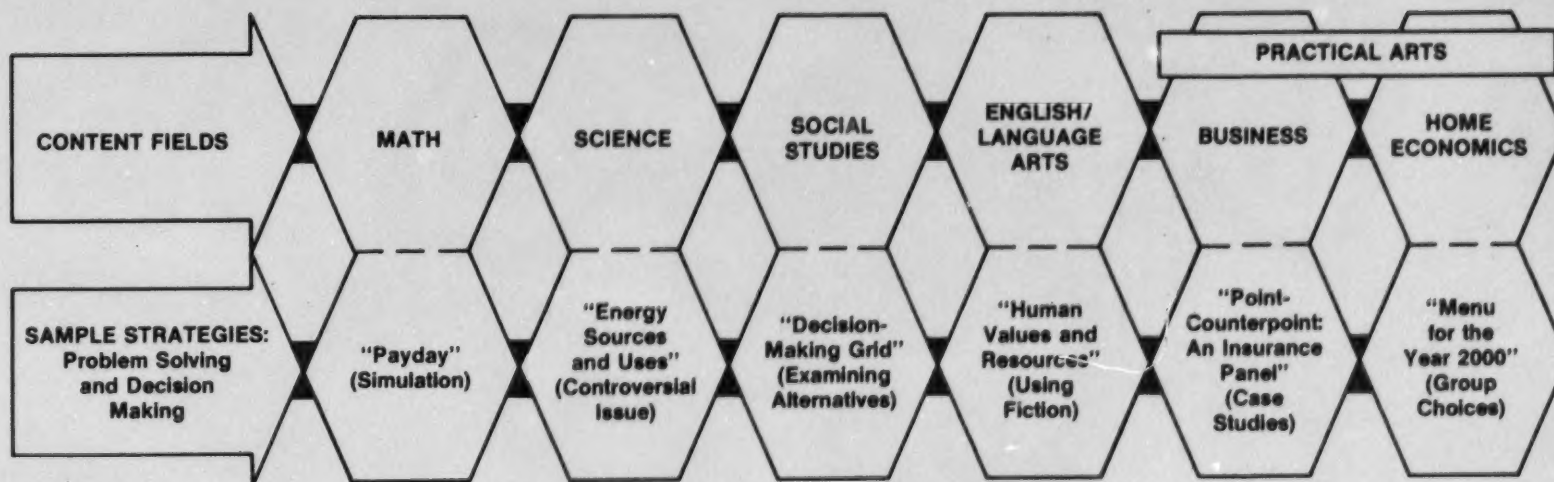
Integrate the concepts and principles of personal and family financial planning into various content fields of the high school curriculum.

It seems obvious that all of the basic generalizations about personal and family financial planning are relevant to your attempts to integrate PFFP in your own classroom activities. There are, however, several generalizations which are of particular importance in this regard and they have been selected for special mention here. They are:

1. Planning helps to make decisions that lead to a balance of resources against needs and wants for the present and the future.
2. Personal goals and priorities reflect the individual's values which develop from one's life space.
3. The function of financial planning is to maximize options for obtaining, protecting and using financial resources in ways that enhance personal and family life.
4. Satisfaction derived from the use of financial resources is directly related to the extent to which the uses fulfill individual and family goals.
5. Planning provides a vehicle for the establishment of priorities to satisfy personal, business and societal needs and wants.
6. Financial plans are strategies for the allocation of resources to achieve personal and family goals.
7. Personal and family financial plans help reduce the conflicts among wants and needs.
8. Each family's financial plan will differ according to available resources and priorities for their use.
9. There are risks and hazards in everyday life, and there are varying types of protection available to the family to enable it to reduce the impact of these risks and hazards according to values and lifestyles.
10. Insurance is one resource which can be included in a risk management plan.

FIGURE 1

PERSONAL AND FAMILY FINANCIAL PLANNING ACROSS CONTENT FIELDS (Obtaining, Using, and Protecting Resources)



INFUSING PERSONAL AND FAMILY FINANCIAL PLANNING INTO THE SCHOOL CURRICULUM

Objectives

The following specific objectives can be attained by workshop participants through experiences provided in this session:

1. Identify the content generalizations in personal and family financial planning appropriate to a given content field.
2. Present ways in which personal and family financial planning can be integrated into various content areas of the curriculum.
3. Identify personal and family financial planning teaching resources and strategies appropriate to a given content field.
4. Evaluate teaching strategies for trial and possible later use in the classroom.

Content Outline

In each of the previous workshop sessions, an extensive outline of content relevant to the topic of that session was presented. All of those content outlines are clearly relevant to this final session. In addition, knowledge specific to each of the high school subjects addressed here will assist you in understanding how PFFP can be integrated into the curriculum. This knowledge is presented in Handout 3 of this session. It will not be repeated here. You are, however, advised to review Handout 3 carefully before attempting to conduct this final workshop session.

\$

SCHEDULE OF ACTIVITIES

Approx. Time ¹	Activity	Materials
20 minutes	Introduce the topic • Pass out Handout 1 • Review all six PFFP competencies • Comment briefly on the new professional competency introduced here and on the specific objectives of this session • Go over specific objectives of this session	Handout 1 "PFFP Competencies" and "Objectives of this Session"
25 minutes	Warm up exercise • Lead general discussion of the idea of integrating PFFP in high school curriculum. Ask: 1. Did you learn new ideas in this workshop? 2. Did your own schooling cover any of this content? 3. Is it important for young adults to know these things? 4. Can these ideas be integrated in your classes? • Attempt to generate enthusiasm for deciding how PFFP content can be integrated into high school subjects.	
30 minutes	Small group activity • Ask participants to group themselves according to the subject fields they teach: Mathematics, science, social studies, English/language arts, and practical arts (vocational courses such as agriculture, business and office practice, distributive education, health, home economics, and technical/ trade subjects) • Pass out the appropriate portion of Handout 2 to each subject area group. • Assign each group the following tasks: 1. Count-off by sixes 2. Review the workshop session that corresponds to the number assigned you by the count-off; identify competencies and generalizations from that session of particular relevance to your teaching field. 3. Select one member of the group to serve as a reporter later in the session 4. Read individually the material in Handout 3 5. Cooperatively make a list of teaching resources and strategies that could be used to integrate PFFP in your teaching field	Handout 2 (materials for each subject area)

¹Time allocations suggested here are only approximations. Workshop leaders should make adjustments when appropriate.

SCHEDULE OF ACTIVITIES

Approx. Time	Activity	Materials
	6. Select one teaching strategy that you will try out in your own classroom 7. If time permits, share with each other your ideas on how you would go about doing this	
30 minutes	(Alternative activities) Alternative 1 - Reporting Session ● Reconstitute the total workshop group and ask each recorder to report the teaching resources and strategies selected for that subject area ● Pass out Handout 3; explain that it is an example of how material in the field of PFFP can be used in the classroom Alternative 2 - View again the film, "The Money Tree, 2nd Edition" ● Pass out Handout 3 and give the participants a few minutes to review it ● Explain that this film is being shown again because it provides a good summary of PFFP concepts ● Explain also that the instructional strategy provides them with an example of how PFFP materials can be used in the classroom ● If time permits, ask for comments and discussion on the ideas and teaching strategy	Handout 3 "Instructional Strategy for the Film: 'The Money Tree, 2nd Edition'" Film: "The Money Tree, 2nd Edition" Handout 3 "Instructional Strategy for the Film: 'The Money Tree, 2nd Edition'"
15 minutes	Break	
25 minutes	Discussion of teaching ideas ● Ask participants to take out the handouts from Sessions II, III, IV, V, and VI titled "Financial Planning Teaching Ideas." Have them share the teaching ideas and generally discuss strategies and activities that they would find useful in teaching personal and family financial planning to high school students.	
25 minutes	Workshop summary ● Summarize the 6 financial planning competencies. Make any closing comments you think appropriate. ● Permit participants to make final comments.	
10 minutes	● Ask participants to complete Workshop Session Evaluation Form and to leave the form at some designated place in the room when they leave ● Leave the room before they begin to fill out the evaluation form.	Session Evaluation Form

SCHEDULE OF ACTIVITIES

Preparing for this Session

Here is a checklist of materials and teaching aids that you will need to conduct this session:

1. Movie projector (check to make sure it works)
2. Screen
3. Film, "The Money Tree, 2nd Edition"
4. Copies of the following handouts for each participant:

Handout VII/1 - Personal and Family Financial Planning Competencies
and
Objectives of this Session

Handout VII/2 - Material specific to each subject area

Handout VII/3 - Instructional Strategy for the Film: "The Money Tree, 2nd
Edition"

5. Copies of the Workshop Session Evaluation Form for each participant.

_____ \$ _____

PERSONAL AND FAMILY FINANCIAL PLANNING COMPETENCIES

HANDOUT

VII/1

There are six PFFP competencies that individuals and families can use to anticipate changes in the life cycle and to adapt financially to these changes. People who have attained these competencies should be able to:

1. Analyze personal and family values, goals, and priorities and their relation to decisions in financial planning.
2. Provide an income base that draws upon a wide range of financial resources that can be anticipated to change throughout the life span.
3. Design a comprehensive personal or family financial plan, using that base, to reflect defined values, goals, and priorities.
4. Implement the plan to meet short- and long-term goals by applying principles of effective spending, borrowing, investing, saving, and sharing.
5. Evaluate and modify the plan to meet changes in the household situation (family) and in relation to outside social and economic conditions.
6. Assess all aspects of the plan in terms of potential financial risk in order to provide for protection of resources and wealth.

The new professional competency introduced in this workshop session is:

1. Integrate the concepts and principles of personal and family financial planning into various content fields of the high school curriculum.

Objectives of this Session

The following specific objectives can be attained by workshop participants through experiences provided in this session:

1. Identify the content generalizations in personal and family financial planning appropriate to a given content field.
2. Present ways in which personal and family financial planning can be integrated into various content areas of the curriculum.
3. Identify personal and family financial planning teaching resources and strategies appropriate to a given content field.
4. Select at least one teaching strategy for trial and possible later use in the classroom.

MATHEMATICS

Mathematics provides many opportunities for teaching Personal and Family Financial Planning. Most obvious are those that use problems related to financial planning to teach applications of math. In solving such problems, students are developing critical skills in reading math as well as word symbols and in using basic computational skills. Perhaps more significantly, students are learning that math matters—it can help solve real problems that everyone has.

The National Assessment of Educational Progress (NAEP) tested a carefully selected national representative sample of more than 70,000 students at ages 9, 13, and 17 to find that many students have developed a superficial understanding of math concepts and processes but lack problem-solving skills. Having learned math skills by rote, 90 percent of the older students agreed that, "There is always a rule to follow in solving mathematical problems." It is not surprising, therefore, that they had much greater difficulty solving nonroutine problems than those not requiring any analysis.

The National Council of Teachers of Mathematics (NCTM) has recommended that the development of the ability to solve problems be a major goal of teaching mathematics in the 1980's. Furthermore, they point out that giving students more experiences of the kind they have had in math will not accomplish that goal. Students need to learn how to think about problems and develop problem-solving strategies. Such learning, moreover, reinforces the learning of computational skills and gives them meaning.

Very rarely are problems in daily living presented in the form of word problems in math. Students need practice in converting problem situations into math problems. Everyday problems very often require observing and organizing data before any computations can be made. They are also likely to have a variety of solutions rather than the typical textbook "correct" answer.

The National Assessment results show that students see themselves as largely passive in math classrooms with the teachers "showing and telling" and the students "listening and doing." They were asked what kinds of classroom activities they had in math and reported "often" listening to the teacher explain a math lesson or watching the teacher work math problems on the board. When asked what activities the students did, the chief answer was using a math textbook. The highest number of "never" responses was for activities that involved working with a classmate. Most of the older students said they had never made reports or done projects in math classes; many said they had never worked in small groups. Needless to say, the NCTM recommends active student involvement as a major goal for math teachers.

Personal and Family Financial Planning offers a fertile ground for learning to solve real problems that differ from textbook problems and can involve students in active participation. Whether the course be General Math, Business Math, or Consumer Math, instruction

can emphasize successful problem-solving methods such as those of G. Polya (1973): 1) understanding the problem, 2) planning possible solutions, 3) carrying out a solution, and 4) looking back to evaluate the results and see how they can be transferred to similar problems.

These methods can be applied by students working individually or in pairs or small groups. They might, for example, be asked to respond individually to solve a problem and then to compare their results with those of other students with whom they would finally arrive at a consensus as to the appropriate response. Another approach might be to have the students themselves make up the problems as well as the solutions. When students have good skills in manipulative math, they can use calculators when lengthy computations are required.

Following is an exercise entitled "Payday" designed as an introduction to the development of spending plans which can be adapted to meet particular needs of high schools students.

References

Mathematics Education Research: Implications for the 80's. Alexandria, Virginia: Association for Supervision and Curriculum Development, 1981.

National Assessment of Educational Progress, *Changes in Mathematical Achievement, 1973-1978.* Denver: National Assessment of Education Progress, 1979 a. (See also *Mathematical Applications*, 1979b; *Mathematical Skills and Knowledge*, 1979; *Mathematical Understandings*, 1979d.)

National Council of Teachers of Mathematics, *An Agenda for Action: Recommendations for School Mathematics of the 1980s.* Reston, Virginia: National Council of Teachers of Mathematics, 1980.

Polya, G., *How to Solve It.* 2 Ed. New York: Doubleday, 1973.

Sets, Probability and Statistics: The Mathematics of Life Insurance. Washington, D.C.: American Council of Life Insurance, 1978.

PAYDAY

1. Give each student a paycheck and a sheaf of bills for the month. A set of paycheck and bills is included here with blank amounts. You will want to fill these in according to the income and spending patterns of your community.
2. Present the following situation to the students:

You live alone in a furnished apartment which rents for \$_____ a month. Today, you received your paycheck for the month and must pay your bills. Last

month you spent \$_____ on food eaten at home, \$_____ for food eaten away from home, and \$_____ for personal services which included dry-cleaning, shoe repair, and haircuts. These expenses will probably remain the same this month.

Check your bills for the month, and add the expenses not included in the bills. How does your paycheck compare with your expenses? What will you do?

3. Ask the students to do the following:

Assess your financial situation:

Look over the bills and add the monthly expenses not included in the bills:

Will the paycheck cover all the expenses?

How much money will you have to pay on the bills?

Establish priorities:

Decide which bills you will pay and which you will leave unpaid.

Arrange the bills in order of importance. Separate them into stacks of "pay now" and "pay later."

Examine decisions made regarding payment of the bills:

Which bills did you pay first? Why?

What would happen if these bills were not paid now?

Which bills were postponed?

What are the consequences?

Are there any items you can cut out entirely? Would you do it?

How would you cope with next month's expenses?

Compare your decisions with those of other students:

Were the decisions all alike?

What do your choices tell you about yourself?

Are your choices an indication of your values, priorities, and the risks you are willing to take?

Evaluate your decisions. If you could do the exercise over, what would you do differently?

HIS AND HER BOUTIQUE			His & Her Boutique	
			<i>The only place to shop!</i>	
	Minimum due \$			
9/21	07732			
Previous balance \$	Current charges \$			
Payments \$	New balance \$	Amount paid 		
Finance charge		DETACH AND RETURN WITH PAYMENT		

FRIENDLY FINANCE COMPANY	
Loan Payment \$ _____ Due 10/8/ _____ Reason for loan — Car _____	<i>Remember— Late payments are assessed a \$ penalty.</i>
M. Jones 1111 Home St., #5 Anytown, CA 95800	

 WORLD FINANCE COMPANY	
M. Jones 1111 Home St., #5 Anytown, CA 95800	
Amount due \$ _____ Date due 10/15/ _____ Collateral: Television set _____	

 World News of Anytown	
Your subscription expires 9/30/	
Rates for continued service:	
1 month 2 months 3 months \$	
Amount paid _____	

	Sept. 29,
Dear M.,	
Are you still planning to attend the rock concert with us? Since this is the last week to buy tickets, I will need your answer and the \$ before Thursday. I hope you can join us.	
J.	

Notes from Nancy



Dear M,

Just a reminder. Mom's birthday is the 27th of this month. Are you still willing to contribute \$5.00 for a gift? If so, I would appreciate receiving the money by the 15th to have time to shop for the gift.

See you at Mom's party.

Love,
Sis

Stereo City



M. Jones
1111 Home St., #5
Anytown, CA 95800

Your stereo has arrived and will be held for you until October 20, 1974.

Deposit paid 9/7/ \$

Balance due \$

Failure to make the final payment by the above mentioned date will result in the forfeiture of your deposit and your claim on the merchandise.

California Gas & Oil Company

Past due	Minimum due
Closing date 9-21-	Account #
Previous balance	07732
Payments	Current charges
Finance charge	New balance
Balance on which finance charge computed	Periodic rate
	Annual percentage rate

M. Jones
1111 Home St., #5
Anytown, CA 95800

Amount paid

RETURN THIS PORTION
WITH PAYMENT

October 1, _____	12-3456 789
Pay to the order of: <u>M. Jones</u> \$ _____	
----- dollars	
Anytown Bank of Commerce Main Branch	
 H. Smith County Treasurer	

Department of Water & Power		Keep this portion for your records.	Detach and return with payment		
Billing period two months July 23—Sept 21,		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Amount due</td> <td style="width: 40%;"></td> </tr> </table>		Amount due	
Amount due					
Meter reading	Consumption	Amount			
Present	Previous	363			
4098	3735	City tax			
46327		TOTAL DUE			
		M. Jones 1111 Home St., #5 Anytown, CA 95800			
		46327			

Installment premium	Policy number	Due date	Inst. plan	Inst. no.	Amount due	Total due
Automobile insurance	11-11-11	10/10/	12	10		

M. Jones
1111 Home St., #5
Anytown, CA 95800

C A I C

California Automobile Insurance Company

People's Telephone Company		Long distance charges on this bill				
Area code and Number: 213-673-3110		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Place called</td> <td style="width: 20%;">charge</td> </tr> <tr> <td style="padding: 5px;">Anaheim (714) 849-5231</td> <td></td> </tr> </table>	Place called	charge	Anaheim (714) 849-5231	
Place called	charge					
Anaheim (714) 849-5231						
Balance from last bill	\$.00	M. Jones 1111 Home St., #5 Anytown, CA 95800				
Long distance	\$					
Directory advertising	\$					
Other charges	\$					
Monthly service charge	\$					
Tax	\$					
PLEASE PAY THIS AMOUNT						

Adapted from *Instructional Patterns for Consumer and Homemaking Education*, California State Department of Education: Bureau of Homemaking Education, 1976, pp. 260-264.

Students in science classes, like those in math, often find themselves as receptacles of information rather than manipulators of data. Even "experiments" often involve following prescribed procedures by rote. The major question addressed may be only: Did it work?

It is true there are huge amounts of accumulating data in science, but perhaps for that very reason decisions must be made about selectivity and surely within that selectivity should be included "the scientific method" of problem solving—not as something to be memorized, but to be used in situations that are real and pressing to students and our contemporary society.

Data from the third National Assessment of Educational Progress (NAEP), "Science Assessment" completed in 1977 and reported in 1978 and 1979, showed that 17-year-olds' achievement scores continued to decline as it did during the entire eight years spanned by the NAEP studies. Yet 9- and 13-year-olds (now in high school) showed some slight improvement.

Especially worrisome is the fact that young adults (ages 26-35) "apparently lack the knowledge to make informed decisions on energy issues at a time when the nation is faced with energy shortages." (1978, p.1). On the other hand, these adults strongly believed that energy problems were serious and 81% felt "wars will probably occur over world energy supplies." (1978, p.1). Their concern, however, was greater than their knowledge about energy sources and uses. For example, "on questions dealing with the development of future energy sources, young adults appear to be unfamiliar with the practical aspects of choosing various energy producers." (1978, p.3). Of interest is that those with total gross household incomes of \$15,000 or above (in 1977) performed 15 percentage points above those with incomes of less than \$8000; likewise, males outperformed females by about the same percentage points. Of special concern is the "jarring reminder of what differences in socioeconomic status and sex mean to many young Americans in terms of science achievement . . . that blacks, poor whites, Hispanics and females tend to perform consistently below national averages at all levels tested." (1979, p.2). These young persons will surely be handicapped as they seek employment in a postindustrial society that is "technology-intensive." (See also Session VI-A, Obtaining Resources.) Will America's future scientists, then, continue to be white, male and from advantaged households and communities?

One way that schools and science curricula, in particular, can help turn this serious situation around is to plan specific, relevant and interesting curriculum segments appropriate for all students. Personal and Family Financial Planning with its emphasis on obtaining, using, and protecting resources can help fill this gap—first, by helping students see that science is not necessarily a remote, esoteric subject and second, by helping students see themselves in specific roles related to science futures.

REFERENCES

- National Assessment of Educational Progress, *Newsletter*, Vol. XI, No. 6, Dec., 1978.
 _____, *Newsletter*, Vol. XII, No. 1, Feb., 1979.

ENERGY SOURCES AND USES

The teaching of a controversial issue, such as energy consumption, can sometimes be difficult for an educator. Because this issue involves many viewpoints, the creative decision-making process can be implemented in exploring its many facets. (See "Options For The Future" process sheet attached.) The following sequence is suggested but teachers will want to adapt according to student interest and abilities.

- A. All students read (or teacher reads aloud) "Varieties of Progress" excerpt. Students discuss their feelings about living in an uneasy world. Where do they think we are headed?
- B. Students are divided into two (or more) groups. Each group reads "No Failure Like Success" and "The Consumer at Mid-Life Passage." Each group addresses the following questions:
 1. Is technology leading us to "greater social dislocation and rapid environmental depletion"?
 2. What are the choices we have? List some actions you think should be taken.
 3. What is the consumer's second career discussed by Gray?
 4. How does Gray's recommendation "fit" with Henderson's comment: "The choices we are involved in are not simply choices between energy options (i.e. coal or solar or nuclear) or between transportation options (auto or mass transit). Nor are they simply choices between the usual menu of public vs. private goods-and-services."?
 5. Go back to "2" above—would you make any changes in your list?
 6. As a total class, compare discussion and lists from each group.
- C. Divide the class into two groups.

Group #1 reads article "Energy Choices: Human Choices" by Ryan and completes individually the "Future Energy Choice Worksheet." The group then

compares individual responses to the "Ideal Future Lifestyle" column. The group makes a composite Ideal Future Lifestyle and rank orders the items. Students compare this list with #5, Activity B (above) and come up with a list of recommended actions.

Group #2 uses the process guide, "Options For The Future." If guest speakers are brought in under #3, both groups would hear them and use the information in completing the group's task.

D. Both groups present their findings to the total class and address the following items:

1. Are the results (recommended actions) similar or different?
2. What are the implications for obtaining, using, and protecting resources?

VARIETIES OF PROGRESS

By W. Warren Wagar

In the nineteenth century, on both sides of the Atlantic, the vast majority of thinkers adopted some version or other of the belief in progress. But now progress was not necessarily tied to the advancement of science and technology, although many thinkers continued to see a vital link between them.

One popular idea of progress contended that progress was God's method of revealing His will and developing the earthly aspect of His own being. Ideas of progress as God's "way in the world" became especially popular among liberal clergymen in the United States in the nineteenth century. The belief in "the progress of mankind onward and upward forever" was actually adopted by Unitarians as an article of their creed. The Baptist theologian Walter Rauschenbusch incorporated a doctrine of progress in his famous "social gospel," which affirmed that Jesus had come to initiate progress toward a great heavenly kingdom attainable in historical time on this earth.

The nineteenth century gave rise to many other doctrines of progress. Marx defined progress as the growth in man's emancipation from nature, paid for by the sacrifice of social justice; but one day soon, a final revolution would usher in a classless society uniting mastery of natural forces with freedom from exploitation. Nationalist prophets saw progress as the outcome of national liberation from foreign rule. For still others, progress was measured by the increasing opportunity of individuals to engage in private enterprise, by the spread of Christianity and Western culture to the "dark" continents of Asia and Africa, by the "survival of the fittest," by the apparent end of international warfare, or by the growing influence of women in public affairs. Every cause generated its own idea of progress. Through it all persisted the hope of an endless rise in human wealth guaranteed by the continuing advances of science and industry.

Our own century has seen a decline in the feverish optimism of its predecessor. In spite of steady advances in our productive powers, we are gravely alarmed by such threats to security and progress as world wars fought with all too grimly "productive" super-weapons, the growing gap between the rich and poor nations and the depletion of our planet's vital resources. Many of the century's greatest thinkers have been prophets of the decline and fall of civilization. Some of our best novelists—including Aldous Huxley, George Orwell, Kurt Vonnegut, Jr. and Anthony Burgess—have specialized in writing what might be called "anti-utopias," fictional visions of the worst that can happen to humankind, rather than the best.

But belief in progress is far from extinct. The economist Sidney Pollard writes that "in the years since the end of the Second World War, the conversion of the world's mood toward human progress has been quite startling in its extent." There may be further relapses, he concedes, "but we can assume . . . that all humanity is as one life, always learning, always adding to its knowledge, and never quite forgetting the lessons of the past."

Pollard may exaggerate humanity's wisdom. But without belief in past progress and in our capacity for future progress, the human race runs the risk of suicide. At one time, we might have been able to blunder blindly into the future, and make gains without knowing it. In the complex society of the late twentieth century, beset on all sides by the menace of total obliteration, deliberate effort and courageous self-confidence are needed even to survive. The way to an abundant, peaceful, sane world civilization in the next century remains open—if we are brave enough to believe in it, and sure enough of our strength to finish the journey.

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THE CONSUMER AT MID-LIFE PASSAGE

By Elizabeth Dodson Gray

We are shaping our own and our children's futures by our choices . . . which once learned will then become our new energy habits.

My alter ego and I again sit staring at our coffee cup and at the security of the kitchen table. We are numb from all the information about energy which has poured over us.

But in the midst of all the words the dim outline of our situation has emerged clearly. We are in a cocoon of energy right now. But the stirrings of time are nudging us out into a new phase of our existence.

It is like parents who anticipate the decline of the parenthood role as the youngest child prepares to leave the nest; or the older adult who sees mandatory retirement over the horizon. The dimensions of the "now" will shift radically in the anticipated future: what will this mean? One engrossing role in life is declining: what will take its place?

Paul Tournier talks of preparing a "second career" for oneself. "A second career is like a plant whose seed has been sown in the midst of a person's active (professional) life, which has developed tentatively at first, but which bears all its fruits in retirement."

Oh, come on! my alter ego protests. Are you saying a consumer needs a "second career"? Now what could that be? After all, I haven't considered being a consumer exactly my major profession in life.

Perhaps not, I counter. But look around your life: its dimensions of meaning are very much shaped by the "status" of what you can afford to purchase as well as by the convenience and mobility those purchases bring you. All these things get woven into the warp and woof of the psychic experience of each one of us. They help us define our sense of our own identity.

So when we can't consume in the same way, then being "ourselves" will feel differently to us, "come in a different shape," so to speak. In this sense, then, we as consumers do need to prepare for a "second career."

Well, my alter ego asks, what could that second career as a consumer possibly be? How does a consumer do anything but consume?

The word "consuming" sounds so passive, I respond, as though we're simply eating what has been manufactured and "dished up" for us to consume.

But we who sit and ponder the day's news over a coffee cup are, as we consume, really making choices about our lifestyles and thus our futures. We are shaping our own futures and our children's by our choices . . . choices either to continue using energy in our habitual way or to conserve energy in ways which, once learned, will then become our new energy habits.

Consuming isn't passive; it is taking my life and my future in my own hands as I make different choices about energy and lifestyle than I would have yesterday. I'm suddenly realizing that for a consumer today on a planet with limited resources, the future is in our present choices.

Okay, my alter ego says, if that makes you feel better. But that's still not a second career. What about that?

I know, I admit ruefully, I'm really just beginning. Erich Fromm holds up a mirror in which to see myself when he writes that "modern man defines himself as I am what I have." Our whole security, he says, lies in the fact of our having and since we are insecure about ourselves, we want to "have" more and more.

You know, we've been like that, intent upon possessing more and more, intent upon buying more and more in the hope that with each purchase we'd finally buy that status, that inner security, that special identity, that "good feeling about ourselves" everyone wants.

What Erich Fromm is suggesting is a different mode of existence for the person who makes choices in our society today. He contrasts the identity which goes with "having" with the identity of "being."

Learn to be, he says. Give birth to ourselves, to all our potentialities—the wealth of possibility with which we are all endowed. Happiness, he says, is to be found in the patient process of becoming "alive inside," starting today.

Dr. Fromm suggests there is a different sense of time involved in such a process. "A plant takes time to grow, a soufflé takes time to rise, a baby takes time to grow. There is a lesson to be learned from the natural rhythms of nature, that everything takes time, everything grows slowly, in contrast to the overhurried rhythms of our modern lives."

Well, I don't know, my alter ego whispers. Buying clothing in an attempt to look like someone else—that I know how to do.

But becoming a different self, nurturing myself as potentiality and personhood: that's new territory. That scares me. I don't know whether I can do that or not.

I don't even know whether I want to try to do that or not. I think I'd rather stay where I am: I'm familiar with that territory.

That's true, you are. (My alter ego knows us well.) But, I ask my other self, what if the dimensions of our future are going to be different than those of today? Suppose we have to cope with scarcities and a need to radically simplify our lives.

Suppose the future is like that, different than this cocoon of cheap energy we are now wrapped in, brisk with the winds of change, harsh with the necessity to teach our

identities to take a new shape and "fly" rather than be wrapped and consume our weight in larva.

What will you do then, dear alter ego? Would it not be well to try our "new wings" with a little voluntary simplicity—to attempt some halting movements toward that patient process of becoming "alive inside."

Personhood comes in many flavors . . . even as consumers over our coffee cups. I don't know about you, my dear alter ego, but I think that I might "try another flavor" for a while.

I just might find that I like it better.

Paul Tournier, *Learn to Grow Up*, New York: Harper & Row, 1973.
Erich Fromm, *To Have Or To Be?* New York: Harper & Row, 1976.

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NO FAILURE LIKE SUCCESS

By Hazel Henderson

It is unsettling to think of ourselves as an evolving species in an evolving society. Are we changing by conscious design or by circumstance? The author scans the industrial culture for signs of evolutionary potential.

Technologies Creating Their Own Social Configurations

At last, we see clearly that technology is not neutral, any more than science is objective and value-free.

Technology now creates its own social configurations and is often operating under its own imperatives, rather than being responsive to the needs of the consumer and of society. We must ask to what extent the continued drive toward big-bang, capital-intensive technologies simply concentrates power, wealth and knowledge in fewer and fewer hands, while making the rest of us poorer and more powerless. There may be an increase in what a few know and can do, but there is actually an increase in overall human ignorance.

At the very least, it is now clear that the "free market" is not working to direct technological innovation toward meeting broader societal and environmental needs. Karl Polanyi, in his study of human production and exchange systems, *The Great Transformation*, pointed out that leaving resource allocation to a free-market system would lead to ever greater social dislocation and to rapid environmental depletion.

Polanyi demonstrated that free markets, far from being derived from some natural order (as Adam Smith thought), were created by carefully designed human planning and software. The conditions for the operation of free markets were bitterly contested and legislated over many decades. Social legislation enclosed land so that it might be marketed as a commodity, which drove peasants off and required them to sell their labor as a commodity. Thus the groundwork was laid for the industrial revolution.

Here again, this increase in efficiency of production was won at a terrible price in social dislocation and inefficiency. In the larger scale of human history, market systems are a mere blip associated with the rise of industrialism and actually have been an aberration in human societies.

Sometimes the technological invention is mainly "hardware" (as in the brain-scanner); sometimes the technological invention is mainly "software" (as in the social invention of the free-market system). In either case, technologies do not arise in a vacuum. There are always institutionally vested interests whose interactions may tend to promote or suppress technologies.

The Choices Before Us

Today's choices are no longer the simple choices of yesteryear. Their awesome nature indicates that they are evolutionary choices we must make consciously.

The choices we are involved in are not simply choices between energy options (i.e., coal or solar or nuclear) or between transportation options (autos or mass-transit). Nor are they simply choices between the usual menu of public versus private goods and services.

We are confronting technological impacts involving fundamental trade-offs between societal specialization and division of labor versus the social costs of such a society. In a similar vein, there are fundamental trade-offs between centralization of production and population versus their decentralization and between technologies which are capital-intensive and energy-intensive versus those which are labor-intensive and produce greater employment.

Rationality now dictates that we conserve our scarce and costly capital and natural resources, so we must now fully utilize our human resources.

As in genetics, timing is all: if adaptation to change is too rapid, this may only maladapt us for the subsequent changes we must face. The imminent paradox is that nothing fails like success.

The next adaptation will be in a new dimension, and for that we will need new measuring rods. Perhaps now it is time for us to recognize that the real factors of production are energy, matter and knowledge. And the output is a good quality of life for human beings.

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ENERGY CHOICES: HUMAN CHOICES

By Charles J. Ryan

Energy, seen as the social architect of the future, forces us to ask how we want that future to be designed. How do our choices today differ from those of the past? Who is making the decisions?

The major direction of social change in America was not the result of explicit political intent. It was determined as fossil fuels replaced solar energy, constantly increasing the energy budget and moving the social structure in the direction of larger institutions with greater physical and social concentration. The United States experienced the inevitable trade-off. Constant increases in the energy budget increase wealth and destroy traditional institutions, customs and values.

Today's Choices: Tomorrow's Lifestyle

As we approach the end of the fossil fuel era, the transition to a new energy base, and consequently a new social structure, begins. Survival of society as we know it is threatened, yet opportunity beckons. The survival of all nations whose social structure is based on the high levels of fossil fuel energy consumption is in question, because their energy base is depleting. Survival is also threatened by the political forces which may extend such policies of growth beyond a nation's capacity to grow—precipitating collapse. Most advanced nations are looking to nuclear energy to replace fossil fuels. Nuclear energy is promoted as a cheap, inexhaustible source of energy for the future, if the technical problems of nuclear fission and fusion can be resolved. As fission reactors are put in place, their total costs to society become clearer. The protection of society and nature from an increasing amount of radioactive material is the most serious technical problem. An equally important concern relates to the kind of lifestyle and social structure that nuclear energy will tend to create. Is this concern considered by those who are responsible for energy planning and decisions?

The other inexhaustible source of energy is the sun. It has nurtured civilization for hundreds of thousands of years, and its effects on social structure are known. Solar energy, however, cannot provide the amount of energy required to sustain our society as it is currently structured.

Choice of the next energy system should not be made solely on technical and economic grounds. Energy decisions are social decisions, because they provide the framework for future political and economic choices. Thus, the fundamental question becomes whether we will design a future organized principally to fulfill human needs or the needs of large institutions.

A nuclear society would be more centralized, more regulated and more socially complex. While it is difficult to be specific about the form of centralization, regulation and complexity, history shows us that increasing the energy budget affects the social structure over time. History documents examples of civilizations that have collapsed under the burden of centralization and unmanageable complexity. It is not an exaggeration to suggest that the American version of Orwell's 1984 could emerge by dependence on large-scale energy technologies.

The traditional solar society would produce and require less energy because of its smaller institutional structure. Most of today's energy is not consumed by direct production, but rather is consumed in maintaining the overhead costs of our institutions. It is an open question as to whether the nuclear energy alternative would provide a higher standard of living than solar energy when the real costs of maintaining the large-scale institutional structures are considered. Solar communities would be smaller. There would be less need for mobility. Smaller scale technologies would tend toward a more generalized ownership of capital, distributional equity, labor-intensive production, lower consumption, and an emphasis on durability, repair and recycling.

The coming century offers possibilities. One, a technological solution, is to embark on a nuclear energy adventure with the possibility of unknown rewards and risks. The second possibility, a social solution, is a change to focus on local communities where the lives of the individual and the family are rooted, by necessity, by developing the solar energy alternative.

Your Choice

A prevailing attitude today is that we are "future shocked"; we only have the choice of adjusting to change, no matter what direction it takes us. People see the present as being so complex that it has no design. I have suggested that the design of the past and of the future is vastly influenced by energy choices.

A worksheet is provided to help you formulate your personal ideas on a desirable Third Century for America. Begin thinking about your choices for America's future. Make your thoughts and concerns known to your local and national elected officials—discuss this issue with others. The energy system we choose is likely to bring us that future.

Mr. Ryan is presently Executive Director of the System Dynamics Group at the Massachusetts Institute of Technology. The Group's research centers on the causes and consequences of change in social systems. As a former private consultant on energy, his work dealt with the effect of the changing energy industry.

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FUTURE ENERGY CHOICE WORKSHEET

This worksheet designed by the author provides you with the opportunity to speculate upon and formulate your thoughts about your future lifestyle.

The column headed **Social Elements** lists a variety of elements which influence our lifestyle. The column headed **Solar Past** suggests ways each "social element" had been affected by the solar energy system. The column headed **Fossil Fuel Present** suggests ways each "social element" is affected by the current fossil fuel energy system. Revise these descriptions to fit your perceptions.

- ☐ Speculate how each "social element" will be affected by a **Solar Future**.
- ☐ Speculate how each will be affected by a **Nuclear Future**.
- ☐ For each "social element" listed describe your **Ideal Future Lifestyle**. Do not limit yourself to the examples given.

Based on these assumptions, what would you choose for America's future?

Social Elements	Solar Past	Fossil Fuel Present	Solar Future	Nuclear Future	Ideal Future Lifestyle
Human settlement	Diffuse, rural	Concentrated, urban	_____	_____	_____
Limitation of Freedom	Nature	Social complexity	_____	_____	_____
Mode of democracy	Participatory	Advocacy	_____	_____	_____
Government	Largely self-regulatory society	Large regulatory role	_____	_____	_____
Economic orientation	Production, repair, laissez-faire, local self-sufficiency, nature dependent	Consumption, replacement, regulation, world interdependence, technology dependent	_____	_____	_____
Ownership of Capital	Generalized	Centralized	_____	_____	_____
Technology	Small, decentralized	Large, centralized	_____	_____	_____
Work accomplishment	Solar through muscle	Fossil fuel through machine	_____	_____	_____
Skills	Generalized	Specialized	_____	_____	_____
Standard of Living	Low	High	_____	_____	_____
Influences on codes of behavior	Local community	Media, education	_____	_____	_____
Social transactions and interactions	Few/tranquility	Many/fast pace	_____	_____	_____
Social mode	Stability, integration	Change, alienation	_____	_____	_____

OPTIONS FOR THE FUTURE LEARNING ACTIVITY

1. **What is the problem or issue?** An overall statement of the problem, its causes, and its effect are presented by an informed person or authority. Some examples might be: a science teacher, an economist, a consumer educator or any individual who is knowledgeable about the topic. Students would then restate the problem based upon the authority's presentation.

"Problem Analysis"

Statement of the problem as presented:

What are the causes of this problem?

What are the effects of this problem?

Restatement of the problem based upon the above information?

2. **What is your personal viewpoint?** Each student and the educator then state his or her own personal viewpoint concerning the problem and how it could be solved.

"Your Personal Viewpoint"

Describe your individual point of view to the finalized statement of the problem:

Based on your point of view, list your solutions to the problem:

3. **What are alternative solutions?** Resource persons representing several points of view may be invited as guest speakers to give their statement of the problem and possible solutions. If it is inconvenient for a resource person to attend the class, a taped interview could be played to the students. Some persons who could serve as possible resources include: local gas station owner, a homemaker, a government official, utility company representative, an environmentalist, a sociologist, local industrial worker, Federal Housing Administrator, an airplane pilot, or a retailer. If the educator or students believe some relevant viewpoint is not represented, a student could research that viewpoint for the class. After the presentations of each resource person, his or her viewpoint is summarized.

"Viewpoint Solution Sheet"

Summary of Alternative Solutions as presented by:

Resource Person:

Participants' viewpoints from "Your Personal Viewpoint" should be compared to those of the resource persons'. In comparing viewpoints, similarities as well as differences should be listed.

"Presentation Summary Sheet"

List below the similarities between your original solutions ("Your Personal Viewpoint") and those presented by each of the speakers:

4. **Where do you stand?** The value clarification exercises can be used to help individuals examine their values (See English/Language Arts).

5. **What's best for you/us?** Criteria for evaluating each solution should be decided by the group. Some examples of criteria for evaluation might be:

How will each solution affect . . .

- my everyday living patterns?
- my family's living pattern?
- my standard of living?
- the community?
- society in general?
- future generations?

6. **Can differences be resolved?** If no one solution meets the criteria set by the group, participants could then divide into groups to represent each of the most favorable solutions presented. Each group chooses a member to represent its solution and to negotiate with representatives of the other groups to try to reach a solution agreeable to all. The key to a successful negotiation is to have participants focus on similarities rather than differences.

7. **What decision would you make?** Ultimately, in any problem-solving construct the individual must face up to the question: what decision would you make? Individuals may need to ask: Where do I stand now?

- What do I feel should be done? What can I do?
- What will be the effects of my decision?

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SOCIAL STUDIES

Although there is much disagreement today over the role of the social studies in the secondary-school curriculum and especially over the relationship of the social sciences to that curriculum, most social educators would agree that a major objective of the social studies is to enable students to learn how to participate in problem-solving and policy-making activities. Richard C. Snyder in Part II of the 1981 Yearbook of the National Society for the Study of Education on *The Social Studies* (p. 238) suggests that students could be involved in "hands-on" experience in solving or clarifying particular problems or issues, and in focused decision making and planning that would highlight the role of knowledge utilization, especially the acquisition and application of social knowledge."

Personal and Family Financial Planning presents many problems and issues on which social studies teachers can focus as a means to teaching skills in problem solving and decision making. A recent publication from the American Council of Life Insurance (Summer, 1981) highlights six current social issues of this kind: inflation and personal finances, value for the dollar, regulation, psychology of entitlement, social security, and equity versus equality.

Do secondary students currently develop these skills? One answer is to be found in the report of the National Assessment of Educational Progress (NAEP) on *Teenage Consumers: A Profile*. Surveying a representative sample of 17-year-olds from public and private schools, the study concluded that the students were not very well prepared to face consumer responsibilities in four roles: concerned citizens, purchasers or spenders, earners, and investors. (Performance on an average consumer question was only 57% correct.) Most 17-year-olds, for example, could choose the proper definition of inflation, but could not respond to specific questions on who benefits and who is hurt by inflationary trends, the effects of rising prices, and the meaning of the Consumer Price Index.

Fortunately many teaching strategies to develop skills in problem solving and decision making can be used in the Social Studies. Some involve having the community come into the school; others, the school go out into the community. Some present simulations or role-playing situations that substitute for real situations; others, first-hand accounts by those who have been in particular situations. Whatever the choice, the aim of the Social Studies teachers is to connect the school curriculum with the outside world, to make the learning concrete, and to help students be active participants in their own learning.

Guests can be invited into the classroom, for example, to share their personal experiences with family financial planning. A speaker from Debtors Anonymous can bring much more light to bear on the effects of misuse of

credit than any text discussion. For historical perspective, students might be asked to record personal testimonies from community members about their experiences during the Great Depression.

Whatever the direct experience provided for the student, however, the final objective is to help the student form concepts that will be applicable in many situations. These concepts, of course, must include not only ideas about the content at hand but also the process by which decisions are made. Following is an illustration of such a teaching strategy.

THE DECISION-MAKING GRID

1. Have the students brainstorm answers to a question involving a social issue related to Personal and Family Financial Planning such as:
"Many people today say that inflation is the country's most serious problem. What do you think are some of the most effective ways to fight inflation?"
Put a number or letter by each answer on the chalkboard, but make it clear that there is no priority order.
2. Divide class into small groups and have each group decide on the "Possibility" and "Desirability" of each item on the list. Give each group an overhead transparency on which is a copy of the Decision-Making Grid and a felt-tip pen with which to write on it.
3. Have each group record its decisions by number or letter on the Grid.
4. Collect the transparencies and display all of them on the overhead projector. Students will be able to see immediately areas of agreement or disagreement and should then be asked to support their opinions.
5. Ask students to conclude this exercise by discussing the process they used for examining the alternative answers to this question and how this process might be used in other situations.

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**Decision-Making Grid
For Examining Alternatives**

		POSSIBLE			
		Low			High
DESIRABLE	High				4
					3
					2
	Low				1
		1	2	3	4

Adapted from *Instructional Patterns for Maximizing Human Potential*, The Bureau of Homemaking Education, California State Department of Education, 1978. p. 170.

Training materials funded by a grant from the AMERICAN COUNCIL OF LIFE INSURANCE.

"Making a decision about one's own values and world view is becoming the most difficult problem in modern society. Students today pursue education longer, know more . . . but the systems within which they develop have become so vast, so complex, and so awesome that most students feel only a profound sense of powerlessness. . . the student is often numbed by 'over-choice'—so overwhelmed he finds it difficult to make any choices at all." (Toffler, p. 296)

If the exploration of values as part of the decision-making process is vital to survival in a complex present and overwhelming future, where are students to learn these skills? The National Society for the Study of Education in its 76th Yearbook on *The Teaching of English* points out that "complex moral dilemmas . . . are inherent in much of the content taught and literature experienced in the English language arts. Unlike many other areas of study, English succeeds if it moves students to look at their own experiences, at the world of experiences that they reconstruct through language, and at their values." (pp. 126-127)

Teachers' awareness of the value of literature for helping students grapple with human problems is not new. Sometimes, however, that purpose is lost in routine tasks of identification and recall of information—both of literary sources and grammar. Harmin points out that value development is not a passive process. "Students cannot sit and wait for values to grow the way their skeletons grow. Students must deal with choices, sift pressures, make commitments, suffer ambivalence, and use energy to grasp their values and live with them." (p. 16)

There are many ways the English/Language Arts classroom can actively involve students in the valuing, decision-making process. One especially effective way is to use the Taba Questioning Sequence to focus on reading of literature and to motivate research and writing. This method is especially effective if the literature read has direct relevance to students' lives. Some of the most traumatic decisions facing young people have to do with money, moral choices, and family relationships—often in various combinations. How can students answer the question that adults are so fond of asking: "What do you want to be when you grow up?" With the futurists' projections clearly telling them they will probably have at least 3 different careers (not jobs) in their lifetimes and some of those careers may not even exist yet, how can the question be answered? What kind of planning is necessary for the future? How can the English classroom help provide guidance? Perhaps if adults will rephrase the question slightly it would

provide a beginning. Let's ask, "What kind of a person do you want to be when you grow up?" And then, "How can you plan to become that person?" What resources will you need (educational, human, and financial)? Do you know of others who have walked similar paths—who have solved the necessary problems and made the decisions that make those goals possible?

A major value of literature and literary exploration is that it allows us to explore ourselves vicariously—always asking: "If I were he or she would I have made the same decision?" And that's where the Taba Sequence comes in. But first, let's mention some appropriate examples of books or stories that include the basic dilemmas of finances and moral decisions or values. Students could select from a myriad of stories beginning with the more traditional "Gift of the Magi," *Silas Marner*, or even the poem "Richard Corey." During later periods *What Makes Sammy Run*, *The Last Hurrah*, or *Ragtime* would fit this theme. More recent books, including some written expressly for young adults, include *I Know Why the Caged Bird Sings* or *Gather Together in My Name*, *His Own Where*, *Ox Goes North*, *Third Chinese Daughter*, *A Five-Color Buick and a Blue-Eyed Cat*, *Mystery of the Fat Cat*, and *The Effect of Gamma Rays on Man-of-the-Moon Marigolds*. You can, of course, think of many, many more. An especially appropriate young adult novel for this category might be *It's Not What You Expect* by Norma Klein (author of *Mom*, *The Wolfman and Me*). This novel involves a father who leaves home to write a novel leaving the family in serious financial straits. The fourteen-year-old twins decide to help by opening a small restaurant. Their older brother's girlfriend becomes pregnant and decides to have an abortion. In the last chapter, "Everything is the Same and Everything is Different," Dad comes back home and some values and finances are explored. It is generally very sensitive and well-written.

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BOOK

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LITERATURE: USING THE TABA QUESTIONING STRATEGY*

The teacher now needs to think of the discussion focus. For example, if "decision-making" is the focus, the Taba sequence might be as follows:

1. **What decisions were made in the book?** This question is at the *literal level* and encourages recall as well as participation by many students. (The more students that participate at this level, the more likely they will continue throughout the sequence.)

2. **Why was (name a specific) decision made?** This question requires students to put themselves in the picture. It is an *inference-eliciting* question and requires students to combine their own experiences with their reading of the book to project possible reasons why. (Again, as many as possible should respond.)

3. **How did it make you feel when (name a decision that led to serious consequences—good or bad)?** Insist on *feeling* responses such as: depressed, sad, happy, etc. rather than "I thought she shouldn't have . . ." type of responses. This question is designed to make students identify that feelings are an important part of reading literature and affect our decisions. The teacher might also ask, "How do you suppose 'X' felt when he discovered that . . ." to encourage empathy.

4. **In what ways do you think "X's" decisions were typical of girls or boys her age? OR What does it say about people that all of "X's" decisions were hastily made under stress?** (or whatever). This question asks students to *generalize* about a topic or theme. It may be followed by questions that ask for contrasts or exceptions. Students need to know they are often like other people and that it's also alright and sometimes wiser to be different.

5. **If you were in "X's" position (again, a specific or general example from the book), what decision would you have made?** This question asks for *application* to personal values—acknowledging that each of us is unique, yet human. It might be followed with an application question of greater depth: "What do you think would have happened if you had made the decision you suggested?"

6. Finally, **Was "X's" decision(s) good? Which of the decisions discussed here do you think is best?** This question requires *evaluation*, the highest level of cognition when it is followed by careful reasoning.

At every level, as many students as possible are asked to respond to each question. It is more effective if those questions can be written on the chalkboard or an overhead transparency (the latter can be kept and referred to again).

Also the question of "How did it make you feel when . . ." may be asked at any point and is especially effective for getting some students (who are afraid their answers may be wrong because they often are) to respond. One can't be wrong about their feelings. In fact, one can't really be *wrong* in answering any of these questions. The class may decide that some decisions are better but after all, it depends on one's own values and goals—one's desired lifestyle and feelings about money that determine a "best" decision for the individual.

*These strategies were designed by Hilda Taba at San Francisco State University and do not appear in print in exactly this format.

PRACTICAL ARTS

The practical arts, which include such vocational courses as agriculture, business and office practices, distributive education, health, home economics, and the technical and trade areas, are certainly the most amenable to the personal and family financial planning concepts of obtaining, using, and protecting resources.

Since the recent movement toward minimum competencies in life skills, commercial publishers have come forth with a raft of new materials especially related to *obtaining resources*: finding a job, using the want-ads, writing resumes, going for an interview, getting along on the job, and the like. (See also Session VI-A, Obtaining Resources.) Likewise, publishers have plunged into the field of *using resources*: developing spending plans; wise consumer practices—including comparison shopping, reading labels, community resources, and so on. Less has been published commercially on *protecting resources* except for several basic sources on

knowing legal rights and protective agencies, and some banking and other saving practices. In this area, however, a wealth of free or inexpensive curriculum materials exist from various corporations and foundations. Among these would be The American Council of Life Insurance, itself, or its many affiliated organizations—from J.C. Penney, especially, and some other educationally-oriented corporations—or from The National Center for Vocational and Adult Education at Ohio State.

Because this area is almost totally related to the topic at hand, and the available materials are so numerous, we have selected only two areas as examples of personal and family financial planning in practical arts courses. These are *business* and *home economics*. Again, we would emphasize that these are simply illustrations of content areas where a vast amount of related curricula materials already exist and are being widely used.

Business

POINT-COUNTERPOINT AN INSURANCE PANEL

Objectives

1. Identify reliable sources of life insurance information.
2. Explain problems people face in making life insurance decisions.
3. Learn to solve selected life insurance problems using available classroom and community information sources.

Directions:

1. Assign the case studies in this activity to individual learners who will present each case study to a panel of advisors to gain further information before making a personal decision.
2. Assign advisory roles to class members to organize one or more panels of advisors who will represent the views of consumers, government and the life insurance industry.

The *Viewpoints* section in this folder will be especially useful in providing background information. Duplicate and distribute the appropriate *Viewpoints* sections to each advisor. The advisors might be as follows:

- A consumer advocate group (e.g.: a local community group, Nader's Raiders, etc.).

- A government agency (e.g.: state or Federal, such as the Federal Trade Commission).

- The insurance industry (e.g.: the president of an insurance company, an insurance agent, etc.).

3. After each student receives "advice" from the three members of the advisory group (you may consider limiting this to 10 minutes per case), have him/her share the decision she/he made, and why. You might also ask if the consumer needs more information before she/he can adequately make a decision.

- Or, invite resource people from the community to speak to the group about the issues raised in the case studies.

- Or, assign case studies to small groups to research with available material and community resources. Have each group report back its findings and recommendations.

4. Encourage students to generalize about reliable sources of life insurance information.

- How can you sort through the information available?
- How can you determine which sources are reliable?
- What role do your "feelings" play in finding and evaluating life insurance information?

CASE STUDIES

1

I am a recently married 21-year-old college senior. I plan to go on to graduate school next year and work part-time, and my wife plans to do the same. Together we make a small income. A campus insurance agent approached me a few weeks ago and suggested that I purchase a \$10,000 whole life insurance policy from a well-known company, but I'd have to pay the premium on credit. I've heard that you're much better off buying life insurance when you're young. Should I go ahead and purchase the policy?

2

I am a 36-year-old public school teacher and father of three children, aged one, three and six years old. My wife is a housewife and, at present, my income is under \$20,000. What kind of life insurance, if any, can I or should I buy to adequately protect my family, and why should I buy that particular kind?

3

I am a 52-year-old recently divorced working woman with two grown children, ages 25 and 23, each of whom is married and has one child. I am not enrolled in a pension plan. Would it be wise for me to purchase any sort of life insurance, and if so, what kind and why?

4

I am a single woman of 32 with aging retired parents in their seventies, and I currently own no life insurance. Recently, I applied for a bank loan of \$3,000 and was asked whether I wanted to purchase credit life insurance for only a few extra dollars a month, so that in case I died, my debt would automatically be paid off. I didn't want to increase the monthly payments, so I declined the insurance, but now I am worried that I did the wrong thing. Should I have purchased the credit life insurance? Why or why not?

5

I am a 33-year-old divorced working woman with one child, age seven. I have two life insurance policies, one whole life policy for \$20,000 and a five-year renewable term policy for \$30,000 through group insurance from a trade association of which I am a member. Recently, an insurance agent I met through friends suggested that I replace my \$20,000 whole life policy, which I have held for 2½ years, with another term insurance policy for \$40,000, with lower premiums than I pay for my whole life policy. Should I replace the whole life policy with the term policy, and why?

6

I am a 35-year-old father of two with a reasonably good income. Three years ago I was operated on for what was initially diagnosed as a cancerous growth. During the operation, however, it was discovered that the growth was benign. Recently, I applied for a substantial amount of life insurance from two reputable companies in succession and was turned down by both of them with no explanation. The second company to which I applied asked if I had ever been turned down for life insurance before, and I answered truthfully that I had. I cannot understand why I was refused policies in both companies, since I am currently in good health and, except for one operation, have been all my life. What could have happened, and what can I or should I do about it?

7

I am a 42-year-old family man with \$60,000 of group and individual life insurance. In today's inflationary climate, I'm sure that my insurance won't keep up with my family's needs, but I don't have much money to buy more insurance. What should I do?

8

I am a 27-year-old newly married male who has never purchased any life insurance before. I've talked to two agents so far, and I'm thoroughly confused. I don't know how to compare costs and coverage on similar policies offered by different companies. Why is it so hard to figure out comparative costs and coverage, and how can I choose the most economical policy?

9

I am a 36-year-old divorced textile factory worker with two young children, living in a rural area in North Carolina. I make a very modest salary and I can't afford to buy regular life or to save any money. Should I buy several industrial (debit) life insurance policies of \$500 each, which cost only pennies a week, or should I just forget about buying any kind of life insurance at all?

10

I am a 73-year-old retired bookkeeper living on a combination of pension and social security benefits of \$15,000 a year. Recently, I was ill, though not seriously. My wife, 64, is in good health; she has never worked outside the home. We have two grown children, both with children of their own. Another child, 32, is unmarried and self-supporting. Should I purchase any sort of life insurance, and if so, why; what kind; for whom; and who should be the beneficiary?

Home Economics Menu for the Year 2000¹

As students enter the classroom, distribute packaged meals consisting of colored candies including:

Round Yellow Nugget
Long Brown Log
Orange Triangle
Green Gelatin
Silver Rectangle
Round Ball
White and Red Oval

In view of technological developments in food processing and changes in the food patterns and lifestyles of individuals and families, the following menu may be one which you and your family will eat in the year 2000:

Round Yellow Nugget + 2 oz. water = Grapefruit Juice
Brown Log + 3 oz. water = Hard Roll and Butter
Orange Triangle + 1 oz. water = Creamed Corn
Green Gelatin + 4 oz. water = Tossed Green Salad
Silver Rectangle + 3 oz. water = Baked Meat Loaf
Round Ball = Chocolate Layer Cake (take at own discretion)
White and Red Oval = After-dinner Mint

(Adjust contents and directions in packages to types of candies available.)

1. Distribute above "Menu for the Year 2000" to students.

Organize the students in small groups to eat and discuss the implications of this type of food pattern for the future. Ask the following questions:

Would you like to have all of your meals this way?
Do you think it could happen?
Are there instances of this type of food pattern today?
What effects would this type of food pattern have on the following:

Family relationships
Leisure time
Social relationships
Housing design and equipment
Food marketing practices

2. Have the students assess the impact of the "Menu for the Year 2000" on their lives. Ask the following questions:

How is food important to you?
What changes would that pattern of food make?
What do you see as advantages and disadvantages of such a pattern?
What would you *not* be willing to accept?

¹Adapted from a strategy by Nancy Graham and Margaret Barkley, Arizona State University, Tempe, Arizona

From *Instructional Patterns for Consumer and Homemaking Education*. California State Department of Education: Bureau of Homemaking Education, 1976, p. 82.

INSTRUCTIONAL STRATEGY FOR THE FILM: THE MONEY TREE, 2ND EDITION

HANDOUT

VII/3

1. Show the film, *The Money Tree, 2nd Edition*, and have the students discuss the film. Ask the following questions:

- Who are the people involved?
- What do you think happened?
- How did Jenny feel about it?
- How did Jim feel about it?
- Are their feelings different or alike? Why?
- Could this really happen?
- Has it happened to anyone you know?
- Could it happen to you?
- Did they solve the problem?

2. At the next class period have the students do the following:

Consider Jenny's and Jim's situations, and explore the indications of their lifestyle:

- Values revealed in the film
- Immediate and long-term goals

Analyze the factors which contributed to their problems:

- Overspending; overextension of credit
- Loss of second income

Consider the emotional, social, and financial adjustments involved in marriage and parenthood.

- Integration of values and goals
- Reordering of priorities
- Financial responsibilities

Project themselves into Jenny's and Jim's positions:

- What would you do to put your life back together?
- Where would you look for help?

3. Have the students consider what the situation might have been. Have them work out alternatives that could have been considered by Jenny and Jim in the following:

- Furnishing their home
- Buying a car

Have the students do the following:

Investigate services and agencies available in the community to help cope with the following:

- Credit problems
- Medical and hospital services
- Legal assistance
- Interpersonal problems

Identify the types of services available and report to class.

- Type of agency or organization
- Address and telephone number
- Type of service available.
- Persons eligible for service
- Sources of funding

Develop a directory of community services and agencies which provide assistance to individuals and families. Distribute the directory to students, parents, groups, and so on.

INSTRUCTIONAL STRATEGY FOR THE FILM: THE MONEY TREE, 2ND EDITION

VII/3 continued

RESOURCES

Chamber of Commerce information directory

Directory of community services

Family Service Agency

Local Council of Social Agencies

Telephone directory

The Money Tree, 2nd Edition (film). AIMS Instructional Media Services, Inc., P.O. Box 1010, Hollywood, CA 90028 (rental, approx. \$25 for 1-3 days)

United Fund or Community Chest information directory

Adapted from: *Instructional Patterns for Consumer and Homemaking Education*. California State Department of Education: Bureau of Homemaking Education, 1976, pp. 202-203.

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